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DOCUMENTS ON  
BRITISH  
FOREIGN POLICY  
1919—1939

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**1919-1939**

**Second Series, Volume X**

**Far Eastern Affairs  
March-October 1932**





## PREFACE

THIS volume deals with the further developments of British policy in the Far East from March 4 to October 12, 1932, a period which saw the successful liquidation of the Shanghai episode, the strengthening of the Japanese position in Manchuria, and the completion of the work of the Lytton Commission. It is planned to deal in Volume XI of this Series with the later stages of the Manchurian crisis down to the Tangku truce of May 31, 1933. The arrangement of documents in the present volume, as in previous volumes, is chronological throughout and this conveniently points the contrast between the rapid development of events in the Far East and the enforced inaction of His Majesty's Government.

The discussions of policy recorded in Volume IX of this Series show that the Foreign Office was satisfied that the issue at Shanghai should for practical purposes be treated separately from that of Manchuria, as there was some likelihood that the Japanese Government preferred to concentrate on the successful fulfilment of its ambitions in Manchuria at this stage. This suggested the desirability of a mediatory rather than a minatory role by the 'neutral' powers in the Shanghai dispute. Negotiations conducted at Shanghai by Admiral Sir Howard Kelly, the British Commander-in-Chief, China, on the British flagship, H.M.S. *Kent*, had led to the presentation of four Japanese 'basic conditions of immediate cessation of hostilities' around Shanghai on the evening of March 2, and this had been followed by the Japanese declaration of the cessation of hostilities at 2 p.m. on March 3. Chapter I deals mainly with the ensuing diplomatic moves between March 4 and 18 to bring the Japanese and Chinese to the conference table in order to draw up the terms of an armistice. In these negotiations the experienced British Minister, Sir Miles Lampson, played the leading part.

The Assembly of the League of Nations in a resolution of March 4 urged the opening of negotiations with the help of the British, United States, French, and Italian representatives. Although the Chinese and Japanese Governments both accepted the resolution there was an immediate deadlock owing to the Japanese desire for a 'round table' conference about the whole future of Shanghai before the final withdrawal of Japanese forces. The Chinese objected to the placing of any conditions on the withdrawal. The deadlock was broken when Sir Miles Lampson brought the two sides together informally at a 'tea party' on March 14 attended by the Japanese Minister to China, Mr. Shigemitsu, and the Chinese Vice-Minister for Foreign Affairs, Mr. Quo Tai-chi. Discussion developed on 'unexpectedly favourable lines' and it was found possible to commence formal meetings on March 19.

The first main phase of the Shanghai negotiations down to mid-April can be followed in detail in Chapter II. That they took place at all was due to

the unwillingness of both the Japanese Government and the Japanese military authorities to involve themselves in an escalating crisis in metropolitan China at this time; but neither the Japanese nor the Chinese representatives were willing to sign an agreement which appeared remotely advantageous to the other. On March 25 Sir Miles Lampson reported that he and his colleagues had hitherto kept the discussions going by suggesting compromise *formulae* on minor points, but now the main problems had been reached and revealed themselves as (1) the refusal of the Japanese to agree to a timetable regulating the completion of the withdrawal of their forces and reversion to the position of January 28, and (2) the definition of the localities in which Japanese troops were to be 'temporarily' stationed pending their final withdrawal (document No. 142). While the second of these problems was slowly being resolved in meetings of the military sub-committee, the first seemed intractable. The Chinese were not prepared to accept any of the ingeniously worded alternatives put forward by Sir Miles and his colleagues (document No. 192), and the conference proceedings were suspended. Sir Miles made preparations to leave Shanghai on April 16 (document No. 199).

The final stage of the Shanghai negotiations is dealt with in Chapter III. The Committee of Nineteen at Geneva proposed on April 19, in paragraph 11 of a draft resolution, that the commission which was to watch the carrying out of the agreement should be competent to declare when the complete withdrawal of Japanese troops could reasonably be effected (document No. 250). This the Japanese disliked and it appeared that the Chinese were ready to settle for less: Sir Miles Lampson accordingly suggested a watered-down version on April 22 (document No. 252), and this was adopted unanimously but not enthusiastically by the Special Assembly of the League on April 30. The Japanese delegate supported the resolution but refrained from voting. This made possible the resumption of negotiations at Shanghai, and after some last-minute alarms the whole agreement was signed on May 5. It was recognized that the successful completion of the negotiations owed much to H.M. Minister's patience and ingenuity.

Following the withdrawal of the Japanese troops, the Japanese Foreign Minister, Mr. Yoshizawa, pressed the plan for a 'round table' conference of China, Japan, and the four other powers (Great Britain, the United States, Italy, and France) mainly interested in the future of Shanghai, in accordance with the Japanese proposal to the Council of the League of Nations on February 29. There were considered to be many objections to this proposal. The Chinese let it be known that they were not prepared to discuss Shanghai without Manchuria, and the Japanese were not likely to discuss Manchuria with Shanghai. On May 13 Mr. Yoshizawa suggested a preliminary conference at Tokyo or elsewhere without China, but the British and United States Governments feared that this 'might wound Chinese susceptibilities' (document No. 385). Although the British residents' association in Shanghai supported the proposal to call a round table conference, Sir M. Lampson strongly favoured the direct discussions between representatives of the International Municipal Council and the City Government of

Greater Shanghai which the Nanking Government had seemed genuinely anxious to forward since April 1932. These discussions led indeed to the initialing on June 4 of a comprehensive draft agreement concerning the long-standing extra-Settlement roads question (document No. 407). It was suggested to the Japanese Prime Minister on June 8 that the Japanese Government might develop their ideas about Shanghai through their ambassadors in the four capitals concerned (document No. 405).

In the meantime the Japanese showed no intention of reversing the course of events in Manchuria. Much of Chapters IV and V is made up of reports from local British representatives as to the setting up in Manchuria of separate administrations for the Customs, Postal, and Salt Services. The new state of Manchukuo, the establishment of which was announced (without acknowledgement) to Sir John Simon on March 12, was not officially recognized by the Japanese Government until the following September. But there was no doubt in the Foreign Office as to the responsibility of the Japanese authorities for all the actions of the new administration, which was progressively strengthening its position, politically and economically, at China's expense.

The Cabinet however accepted and commended on March 9 Sir John Simon's view that it was necessary before deciding on any decisive course of action to establish the facts with regard to the Manchurian crisis which were being investigated by the Lytton Commission, and it reaffirmed its belief that the mobilization of world opinion was the strongest weapon that the League could bring to bear. It noted, and appears to have agreed with, the view of the Far Eastern Cabinet Committee on March 8 that 'sanctions against Japan are out of the question and would not be supported in this country' (document No. 34). This meant the postponement as far as possible even of public speeches at Geneva or elsewhere critical of Japanese conduct until the report of the Lytton Commission had been received and digested.

This course was strongly approved by Sir Francis Lindley, H.M. Ambassador at Tokyo, who in a despatch of March 11 went so far as to condemn the League's original intervention in the dispute in September and October 1931. He submitted that there would be no difficulty in avoiding war with Japan, provided that there was 'an unshakeable determination not to take part in any action—such as threats or the application of economic sanctions—which may lead to war'. In the Foreign Office it was remarked that the ambassador did not 'take sufficiently into account the many extraneous factors which so largely have to determine our course of action at Geneva'. Nevertheless his opinion that 'Japan not only could but *would* do untold harm to us in the Far East if we antagonise her' was considered important (document No. 64).

Sir John Simon played an active part in the drafting of the Assembly's Resolution of March 11 which affirmed the Pact of Paris and the principle of non-recognition, but which did not directly declare a violation of the Covenant or condemn Japan. He was thanked by both the United States and Japanese delegates (document No. 67). A United States proposal for



Anglo-American representations in Tokyo, based on Article 2 of the Nine-Power Treaty, against action by the Japanese Government to 'institute or instigate' an independent Customs Administration was not, however, received with any enthusiasm in the Foreign Office. In a note given to the United States Chargé d'Affaires on April 4 it was remarked that 'while there can in practice be no real doubt that Japan has instigated the establishment of an independent State of Manchuria it is not at all so certain that she has in fact instigated the setting up of a separate Customs Administration'. It appeared, indeed, that the Manchurian authorities were willing at this point to agree to a compromise whereby the integrity of the Chinese Maritime Customs would be saved, whereas the 'Nanking Government—though all hope is not yet lost—show signs of obdurately refusing any compromise' (document No. 171).

The belief of Mr. Henry Stimson, the United States Secretary of State, in the value of protest as an end in itself was affirmed in a conversation with Sir John Simon on April 16. He 'recognised that nothing beyond protest could be done. At the same time he felt that, if suitable occasions were chosen, the accumulated effect on public opinion was considerable and this would in the end influence Japan' (document No. 228). A possible ground for protest in the eyes of the Foreign Office was suggested by a telegram from His Majesty's Consul at Newchwang, which directly incriminated the Japanese advisers to the Manchurian Government in interference with the Salt Administration. On April 30 Sir John Simon suggested to Mr. Stimson that representations might be made on this ground (document No. 301). It was now the turn of Sir F. Lindley and Sir M. Lampson to be unconvinced as to the expediency of raising the question of the Nine-Power Treaty in connexion with a subsidiary question such as the Salt Gabelle. Sir Robert Vansittart, the Permanent Under-Secretary of State for Foreign Affairs, also thought that the ground was not well chosen. 'We shd. not be frisking round its margins except to please the Americans' (document No. 356). Accordingly in a note of June 21 Sir John Simon suggested to Mr. A. W. Mellon, the United States Ambassador, that the best course after all would be to defer representations under the Nine-Power Treaty until the Lytton Commission had presented its report, although he does not appear to have been entirely convinced on the point (document No. 437).

Meanwhile the Foreign Office had become interested in a compromise plan under which the Dairen customs revenues, which were roughly equivalent to Manchuria's quota for foreign obligations, should continue to be remitted to Shanghai, while the Manchukuo Government would be allowed to retain other customs revenues for its own use (cf. document No. 451). But on June 24 it was confirmed that the customs revenues were no longer being remitted from Dairen. As Dairen was in Japanese-leased territory and as this action was a violation of the Sino-Japanese agreement of 1907, it was considered that the Japanese authorities were for the first time directly involved and that a protest should be made to the Japanese Government. Sir John Simon accepted this recommendation in spite of his note

of June 21 (document No. 452). The State Department 'agreed unhesitatingly' on June 28 to make similar representations, although it would have preferred to do so on the 'broader basis of the principles involved', and it was not prepared to support the compromise plan (document No. 481).

The representations, made on June 28, were without effect. A further effort was made in July to persuade the Japanese to observe their treaty obligations as far as Dairen was concerned. Instructions to Sir F. Lindley included a reference to the special obligation resting upon all the signatories of the Nine-Power Treaty to abstain from encouraging separatist movements in China. The ambassador made these further representations in a series of conversations on July 14, 15, and 16 (document No. 545). Although the Japanese Government continued to insist that it had no responsibility for the actions of Manchukuo and that the movement there was a spontaneous one, the Foreign Minister said flatly that in spite of the Nine-Power Treaty his government was not prepared to consult with anyone on a matter so vital to itself (document No. 545, § 11).

The Soviet Government's attitude towards Japanese activity, even in Northern Manchuria, remained studiously conciliatory, and revealed no interest in collaboration with the League of Nations or the United States. Sir Esmond Ovey, H.M. Ambassador at Moscow, wrote on May 23 that 'the primary object of the Soviet Government is not to become entangled in any foreign war', and he agreed with the statement of a Russian official that 'Russia's only important interest in Manchuria is to safeguard the livelihood of the 30,000 or 40,000 Soviet citizens there, who are dependent on the Chinese Eastern Railway' (document No. 367). Local conditions in Northern Manchuria are described in the copious reports of Mr. C. F. Garstin (from Harbin: document No. 413), Mr. R. H. Scott (document No. 508), and Mr. E. M. B. Ingram (document No. 691).

A number of documents offer side-lights on the difficulties which faced the Lytton Commission in its investigations in Manchuria. The Japanese Vice-Minister for Foreign Affairs promised Sir F. Lindley privately on June 25 that his government would not recognize Manchukuo while the League Commission was in the Far East. When the promise leaked to the press he was bitterly attacked, but Japanese recognition was in fact delayed until September 15. The Report had been signed on September 4. The volume ends with a review in the Foreign Office in mid-October of the evidence and recommendations of the Report, in anticipation of the forthcoming deliberations in the League Assembly.

The conditions under which the Editors accepted the task of producing this Collection, namely, access to all papers in the Foreign Office archives and freedom in the selection and arrangement of documents, continue to be fulfilled. It must, however, be added that at certain points the Collection has suffered from the process of selective preservation, mentioned in the preface to Volume IX (Second Series), and discussed more fully with regard to the decade 1925-1935 generally in the preface to Volume I of Series IA.

The resulting disappearance of certain telegrams has where possible been remedied in the present volume by printing the version preserved in Confidential Print, here printed under the file number *Confidential/Telegrams/53* (e.g. documents Nos. 96, 296, 727), or by using the summaries on the dockets of day-book registers of documents received in the Foreign Office (e.g. No. 515, note 1, and No. 533, note 1). Where only Confidential Print is preserved in the main file an asterisk has been added after the file number or heading of an enclosure (e.g. No. 13, and No. 154, enclosure). Wherever relevant, use has been made of the personal papers of Viscount Simon, filed under F.O. 800 (e.g. documents Nos. 71, 157, 228).

The general editorial method is the same as in previous volumes. The chronological order in which the documents are printed is in accordance with the date of despatch, irrespective of differences between Far Eastern and Greenwich Mean times. No attempt has been made to remove or call attention to inconsistencies in the spelling of Chinese and Japanese personal and place names in the texts of documents; a word may even be spelt differently in different places in the same document (as for example in document No. 413). References in footnotes to other volumes in this Collection are to volumes in the Second Series unless otherwise indicated.

The early stages in the preparation of this volume for publication were the responsibility of Mr. Rohan Butler, C.M.G., assisted by Miss M. E. Lambert, who is now one of the Joint Editors. Since taking over the editorship of the volume, I have had the expert help of Miss I. Bains, M.A., and I am indebted to the Librarian of the Foreign Office, Mr. R. W. Mason, C.M.G., and his successor, Mr. C. J. Child, O.B.E., and their staff for valuable assistance.

W. N. MEDLICOTT

*March 1968*

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## LIST OF ABBREVIATIONS

<i>B.F.S.P.</i>	<i>British and Foreign State Papers</i> (London)
<i>Cmd.</i>	Command Paper (London)
<i>Degras</i>	<i>Soviet Documents on Foreign Policy</i> , selected and edited by Jane Degras, 3 vols. (London, 1951 ff.)
<i>F.R.U.S.</i>	<i>Papers relating to the Foreign Relations of the United States</i> (Washington)
<i>H.C. Deb. 5 s.</i>	<i>Parliamentary Debates (Hansard), Official Report, 5th Series</i> , House of Commons (London)
<i>H.L. Deb. 5 s.</i>	<i>Parliamentary Debates (Hansard), Official Report, 5th Series</i> , House of Lords (London)
<i>L/N.O.J.</i>	<i>League of Nations Official Journal</i>
<i>L/N.O.J., S.S.</i>	<i>League of Nations Official Journal, Special Supplement</i>
<i>Lytton Report</i>	<i>League of Nations: Appeal by the Chinese Government: Report of the Commission of Enquiry</i> (Official No. C.663. M.320. 1932. VII)
<i>MacMurray</i>	<i>Treaties and Agreements with and concerning China, 1894-1919</i> , edited by John V. A. MacMurray, 2 vols. (New York, 1921)



# CHAPTER SUMMARIES

## CHAPTER I

Diplomatic efforts to initiate negotiations following cessation of Chinese-Japanese hostilities at Shanghai: establishment of the new state of Manchukuo

March 4-18, 1932

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
<b>1</b> MR. PATTESON Geneva Tel. No. 108 L.N.	Mar. 4	Message from Secretary of State on desirability of U.S., French, and Italian Commanders being associated with the British Commander-in-Chief, Admiral Sir H. Kelly, in discussions on terms for truce at Shanghai: requests instructions be sent to Sir H. Kelly in above sense.	1
<b>2</b> To MR. PATTESON Geneva Tel. No. 257 L.N.	Mar. 4	Message for Secretary of State giving Sir R. Vansittart's views on suggested Round Table Conference at Shanghai and on Japanese plan for neutral zones in China.	2
<b>3</b> SIR M. LAMPSON Shanghai Tel. No. 149 Tour	Mar. 4	Reports conversation on Mar. 3 with Chinese Vice-M.F.A. (Mr. Quo Tai-chi) and Japanese Minister (Mr. Shigemitsu): both sides stated their positions, cf. No. 7 below.	2
<b>4</b> MR. PATTESON Geneva Tel. No. 109 L.N.	Mar. 4	Message from Secretary of State requesting instructions be sent to Admiral Sir H. Kelly to obtain and communicate at once, for information of League of Nations Assembly, actual position as regards cessation of hostilities at Shanghai.	3
<b>5</b> SIR F. LINDLEY Tokyo Tel. No. 56 to Geneva	Mar. 4	Reports conversation with Japanese M.F.A. (Mr. Yoshizawa) who emphasized necessity for Japanese troops to maintain advance positions in Shanghai until proposed conference had made some progress.	4
<b>6</b> SIR F. LINDLEY Tokyo Tel. No. 57 to Geneva	Mar. 4	Refers to No. 5 and enlarges on Japanese Govt.'s insistence on a demilitarization scheme: queries whether conference can be held in present circumstances: reports on his conversation with Count Makino.	4
<b>7</b> SIR M. LAMPSON Shanghai Tel. No. 150 Tour	Mar. 4	Reports (a) Sino-Japanese arguments during meeting reported in No. 3 as to whether or not Japanese Govt. had accepted Chinese peace terms of Feb. 29 (Vol. IX, No. 634); (b) conversation on Mar. 4 with Vice-M.F.A. who informed him of Chinese Govt.'s comments on Japanese terms of Mar. 2 ( <i>ibid.</i> , No. 648): adds own views on possibility of an armed stalemate. <i>note 7. Boycott of Japanese goods in China.</i>	5  6

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
8 To MR. PATTESON Geneva Tel. No. 261 L.N.	Mar. 4	Message for Secretary of State on uncertain position in regard to cessation of hostilities at Shanghai: C.-in-C. has been instructed to report facts.	7
9 To SIR R. LINDSAY Washington Tel. No. 3	Mar. 4	Message from Secretary of State at Geneva giving account of British policy of co-operation with U.S. on the Shanghai question.	7
10 To SIR H. RUMBOLD Berlin	Mar. 4	Letter from Sir W. Selby in reply to No. 592 in Vol. IX: difficult to see what pressure can be brought to bear on Japan.	9
11 SIR F. LINDSAY Washington No. 406	Mar. 4	Transmits copy of memo. by Naval Attaché on concentration of U.S. fleet in Pacific: concludes there is no connexion between present manoeuvres and crisis in Far East.	9
12 SIR F. LINDSAY Washington No. 402	Mar. 4	Transmits, and comments on, report relating to Philippine independence of Senate Committee on Territories and Insular Affairs: considers Congress acceptance of amended Hawes-Cutting bill doubtful.	10
13 MR. BRENNAN Shanghai No. 64	Mar. 4	Transmits copy of his despatch No. 103 of Mar. 4 to Sir M. Lampson outlining developments in Sino-Japanese crisis since Mar. 1.	13
14 DAILY MEETING WITH COLLEAGUES Shanghai	Mar. 4	Chinese Govt.'s attitude towards Japanese truce proposals (cf. No. 7 (ii)): neutral govts' views on participation in proposed Shanghai conference: suggested suspension of Boxer Indemnity payments.	16
15 To MR. PATTESON Geneva Tel. No. 264 L.N.	Mar. 5	Admiral Sir H. Kelly's report on military situation at Shanghai, in reply to request in No. 4.	18
16 MR. PATTESON Geneva Tel. No. 110 L.N.	Mar. 5	Secretary of State's report on meeting of General Commission of League of Nations Assembly on Mar. 4 and his comments on unanimous acceptance by delegates of resolution relating to measures to be taken to make definite the cessation of Sino-Japanese hostilities.	19
17 MR. INGRAM Nanking Tel. No. 63 to Shanghai	Mar. 5	Attitude of Chinese Govt. towards Japanese terms of Mar. 2 (Vol. IX, No. 648).	20
18 MR. INGRAM Nanking Tel. No. 64 to Shanghai	Mar. 5	Refers to No. 17 and enlarges on Chinese Govt.'s attitude towards suggested conference in Shanghai.	22
19 SIR F. LINDLEY Tokyo Tel. No. 58 to Geneva	Mar. 5	Refers to No. 7: expresses opinion that, if Chinese Govt. reject Japanese proposals, Japanese Govt. will exert more pressure and position of foreign powers will be more difficult, and suggests that H.M.G.'s attitude towards Shanghai conference must be decided in light of these considerations.	22

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
20 SIR M. LAMPSON Shanghai Tel. No. 153 Tour	Mar. 5	Reports discussion with 5 British members of Municipal Council of International Settlement who put forward their views on proposed Round Table Conference and opportunity it offered to secure settlement of questions connected with outside roads, policing, and district court: summarizes views put forward, at his request, by Mr. Brennan. <i>note 2.</i> Discussion at Colleagues' meeting on Mar. 5 on attitude of foreign communities towards proposed conference.	23 24
21 SIR M. LAMPSON Shanghai Tel. No. 155 Tour	Mar. 5	Reports inclusion in alleged full text of Japanese terms for cessation of hostilities (cf. No. 17) of 'prohibition of all anti-Japanese movements as fresh condition for opening of negotiations: urges need for extreme caution when acting as middlemen.	24
22 MR. INGRAM Nanking Tel. No. 66 to Shanghai	Mar. 6	Informs Sir M. Lampson of Belgian Chargé d'Affaires' analysis of Chinese Govt's attitude towards Japanese terms and his belief in need for third party intervention.	25
23 MR. PATTESON Geneva Tel. No. 114 L.N.	Mar. 6	Summary of views expressed at meeting of General Commission of League of Nations Assembly on Mar. 5: Sir J. Simon considers that it will now be more difficult to ignore Japan's disregard of exhortations addressed to her.	26
24 SIR M. LAMPSON Shanghai Tel. No. 48 to Geneva	Mar. 6	Refers to No. 4 and transmits Military Attaché's report of Mar. 6: troops on both sides still in contact and skirmishes have occurred.	27
25 SIR M. LAMPSON Shanghai Unnumbered	Mar. 6	Reports (in continuation of No. 536 in Vol. IX) on developments in Sino-Japanese crisis, especially in Shanghai area, from Feb. 20 to cessation of hostilities on Mar. 3.	28
26 TO MR. PATTESON Geneva Tel. No. 272 L.N.	Mar. 7	Message for Secretary of State informing him of Admiralty's decision not to send definite instructions to Admiral Sir H. Kelly (see No. 1) as U.S. Admiral has senior acting rank.	48
27 TO MR. PATTESON Geneva Tel. No. 276 L.N.	Mar. 7	Summary, for Secretary of State, of reports on developments at Shanghai, and of instructions received by U.S. Minister there relating to U.S. participation in negotiations recommended in League of Nations Resolution of Mar. 4.	48
28 TO SIR J. SIMON Geneva	Mar. 7	Letter from Sir R. Vansittart explaining reasons for Japanese attitude towards proposed Round Table Conference and demilitarized zones.	50
29 SIR E. DRUMMOND Geneva	Mar. 7	Letter to Secretary of State giving own views and suggestions on procedure in League of Nations on Sino-Japanese issue.	52

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
30 SIR F. LINDLEY Tokyo No. 118	Mar. 7	Transmits copy of Seoul despatch No. 11 reporting that situation in Chientao had become normal (cf. Vol. IX, No. 500) and giving details of plans being considered to prevent future cause for anxiety, e.g. increase in number of Japanese police, absorption of Kanto by Korea and its separation from Manchuria.	53
31 SIR M. LAMPSON Shanghai Tel. No. 157 Tour	Mar. 8	Refers to No. 20: reports invitation to British members of Municipal Council to submit memo. on future status of International Settlement for information of Foreign Office: Mr. Brenan's warning against embittering relations with Chinese.	54
32 SIR M. LAMPSON Shanghai Tel. No. 158 Tour	Mar. 8	Reports conversation with Mr. Matsuoka on prospects of Sino-Japanese negotiations at Shanghai recommended in League of Nations Assembly's resolution of Mar. 4. <i>note 2.</i> Summary of discussions at Colleagues' meeting at Shanghai on Mar. 7.	55 55
33 FOREIGN OFFICE	Mar. 8	Memo. on attitude of China and Japan in present Sino-Japanese situation and line to be adopted by H.M.G. if terms for proposed Round Table Conference not settled: suggests investigation by Lytton Commission of questions with which conference was to deal.	57
34 TO MR. PATTESON Geneva Tel. No. 283 L.N.	Mar. 8	Summary, for Secretary of State, of views of Far Eastern Committee on latest developments and their recommendations on attitude Sir J. Simon should adopt at Geneva. <i>note 4.</i> Discussion at Cabinet meeting on Mar. 9 of No. 636 in Vol. IX and of views of Far Eastern Committee.	59 60
35 TO MR. PATTESON Geneva Tel. No. 282 L.N.	Mar. 8	Summarizes military situation in Shanghai area and announces that Sir M. Lampson has arranged with his diplomatic colleagues and the commanders-in-chief to send to the Secretary of State at Geneva a combined daily situation report for information and distribution.	60
36 TO SIR M. LAMPSON Shanghai Tel. No. 34 Tour	Mar. 8	Instructs on attitude to take towards Chinese Govt's request for one year's postponement of Boxer Indemnity payment (see Vol. IX, No. 406).	61
37 DAILY MEETING WITH COLLEAGUES Shanghai	Mar. 8	Japanese Govt's attitude towards opening of negotiations on basis of League Resolution of Mar. 4: policing of evacuated area: procedure for daily joint situation reports.	62
38 MR. EASTES Mukden No. 28 to Peking	Mar. 8	Reports (a) invitations received by colleagues and himself to attend inauguration ceremony of 'Regent of State of Manchuria on Mar. 9 and decision to take no	64

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		action, (b) newspaper accounts of programme for Ceremony, establishment of new Central Bank, and Government Organization Law for new State.	
39 SIR F. LINDLEY Tokyo No. 128	Mar. 8	Encloses translation of Gen. Araki's statement on Mar. 3 on effect of present crisis on national spirit: considers it shows his conviction that Japan will be saved only by military authority.	66
40 SIR M. LAMPSON Shanghai Tels. Nos. 159 and 160 Tour	Mar. 9	Reports conversation with Japanese Minister on Mar. 8 on proposed Sino-Japanese negotiations and Chinese Govt's reservations.	67
41 SIR F. LINDLEY Tokyo Tel. No. 61 to Geneva	Mar. 9	Reports M.F.A.'s (a) complaint that Chinese refusal to negotiate cessation of hostilities except on terms was making difficult his relations with Japanese military, (b) query as to whether conference without Chinese would be possible.	69
42 SIR M. LAMPSON Shanghai Tel. No. 162 Tour	Mar. 9	Reports C.-in-C.'s view that hostilities cannot be said to have ceased while the two armies are in close proximity outside 20 kilometre zone in Liuho region.	69
43 SIR M. LAMPSON Shanghai Tel. No. 163 Tour	Mar. 9	Refers to No. 40 and informs of further suggestion put to Japanese Minister.	70
44 SIR M. LAMPSON Shanghai Tel. No. 164 Tour	Mar. 9	Japanese Minister's acceptance of suggestion in No. 43: revised Japanese formula for cessation of hostilities and withdrawal of Japanese troops to be handed to Chinese Vice-M.F.A.	70
45 To MR. PATTESON Geneva Tel. No. 289	Mar. 9	Informs Secretary of State of Admiral Sir H. Kelly's discussion on Mar. 9 with Admirals Abo and Nomura, his belief in Japanese anxiety for settlement, and views on procedure.	71
46 MR. HUGH WILSON Geneva	Mar. 9	Letter to Sir J. Simon informing him of instructions sent to U.S. Minister in Shanghai to co-operate in reporting on questions of fact concerning the cessation of hostilities.	72
47 MR. BAILEY Batavia No. 25	Mar. 9	Transmits copy of his letter of Mar. 9 to Governor of N. Borneo relative to apprehensions of Netherlands-Indian authorities concerning reported project to permit establishment of Japanese fishing industry at Sandakan.	72
48 SIR M. LAMPSON Shanghai Tel. No. 166 Tour	Mar. 10	Reports discussion with Joint Committee of China Association and British Chamber of Commerce in Shanghai on Mar. 9 on use of present situation for securing settlement of questions relating to (a) external roads, (b) courts, (c) demilitarization around Shanghai: summarizes own point of view.	74



NO. AND NAME	DATE	MAIN SUBJECT	PAGE
49 SIR M. LAMPSON Shanghai Tel. No. 167 Tour	Mar. 10	Summarizes Sir F. Maze's representations on Feb. 21 as to danger of interference with Customs in Manchuria and his enquiry concerning possibility of an Anglo-U.S. representation to Japan in interest of customs secured loans: reports telegram of Mar. 9 from Commissioner of Customs, Antung, to Sir F. Maze relating to taking-over of Customs House by N.E. Administrative Committee: requests instructions.	76
50 SIR M. LAMPSON Shanghai Tel. No. 168 Tour	Mar. 10	Transmits Chinese Govt's reply to Japanese formula in No. 44: copy to be communicated to Japanese Minister and meeting suggested for Mar. 11.	78
51 MR. PATTESON Geneva Tel. No. 22 to Shanghai	Mar. 10	Telegram from Secretary of State to Sir M. Lampson giving guide to League of Nations proposals of Feb. 29 and Mar. 4, approving his close co-operation with U.S., French, and Italian colleagues, and suggesting that interests of British community in Shanghai best served by holding scales evenly between China and Japan.	79
52 SIR M. LAMPSON Shanghai Tel. No. 170 Tour	Mar. 10	Suggests Round Table Conference may be used by Chinese Govt. as means of bringing Manchuria into discussion with other Powers, and by Japanese Govt. to associate them with her own requirements in Shanghai area.	80
53 SIR M. LAMPSON Shanghai Tel. No. 171 Tour	Mar. 10	Refers to No. 50: Japanese unable to meet Chinese representatives unless sure of exact meaning of their reservations, and are making enquiries at Geneva.	81
54 SIR M. LAMPSON Shanghai Tel. No. 173 Tour	Mar. 10	Reports conversations with Mayor of Shanghai and Vice-M.F.A. on views of British community (cf. No. 48): further informal discussions favoured.	81
55 SIR J. PRATT Geneva	Mar. 10	Letter to Mr. Orde with two enclosures submitted that morning to Secretary of State: comments on latter's redraft of enclosure 2 (a draft for telegram to Sir M. Lampson despatched as No. 51 above): considers Assembly discussions have been productive of good, not harm: Resolution passed unanimously on Mar. 11. <i>Encl. 1.</i> Memo by Sir J. Pratt on British policy and the proposed conference at Shanghai.	82 83
56 MR. EASTES Mukden No. 30 to Peking	Mar. 10	Refers to No. 38: reports formal inauguration of new State at Changchun on Mar. 9: celebrations throughout Manchuria on the 10th.	89
57 SIR F. LINDLEY Tokyo No. 132	Mar. 10	Encloses, and comments on, extracts from Japanese press of Mar. 2 on new Manchurian state.	91

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	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
58	MR. BRENNAN Shanghai No. 123 to Peking	Mar. 10	Encloses copy of letter of Mar. 7 from Japanese Consul-General to Senior Consul (Shanghai) concerning landing of Japanese reinforcements in Settlement and presence of Japanese flagship alongside the Consulate (cf. Vol. IX, No. 639, enclosure).	92
59	SIR M. LAMPSON Shanghai Tel. No. 2 to Mukden	Mar. 11	Refers to taking over of Customs at Antung (see No. 49): suggests attitude to adopt while awaiting H.M.G.'s instructions.	93
60	SIR F. LINDLEY Tokyo Tel. No. 162	Mar. 11	Refers to No. 49: wishes to take soundings before making official representations.	94
61	SIR M. LAMPSON Shanghai Tel. No. 174 Tour	Mar. 11	Reports handing to Chinese Vice-M.F.A. copy of Japanese Minister's reply (see No. 53): discussion on Chinese meaning of 'complete withdrawal' of Japanese troops.	94
62	MR. MATSUDAIRA Geneva	Mar. 11	Letter of appreciation to Sir J. Simon for his tactful handling of proposed Assembly resolution, predicts that Japan will abstain from voting.	95
63	SIR F. LINDLEY Tokyo No. 139	Mar. 11	Report on results of investigations into assassination of Baron Dan on Mar. 5.	95
64	SIR F. LINDLEY Tokyo No. 140	Mar. 11	Comments on memo. on Sino-Japanese relations drawn up by Sir V. Wellesley and Sir J. Pratt (Vol. IX, Nos. 239 and 216) and gives own views on avoidance of war with Japan.	99
65	MR. DENING Dairen No. 31 to Tokyo	Mar. 11	Reports discussion on Manchurian affairs with Mr. Fukumoto whose outlook as to future of the State was not optimistic.	101
66	MR. EASTES Mukden Tel. No. 23 to Peking	Mar. 12	Informs of account in <i>Manchurian Daily News</i> of installation on Mar. 9 of Mr. Pu Yi as Regent of the new State. note 3. Telegram of Mar. 12 from M. Hsieh Chieh-shih, M.F.A. in new Manchurian govt., advising of establishment of new State of Manchuria on March 1 and of principles which will guide its relations with foreign nations.	103 103
67	MR. PATTESON Geneva Tel. No. 129 L.N.	Mar. 12	Telegram from Secretary of State summarizing events leading to acceptance by Assembly of Resolution of Mar. 11, and setting up of Committee of Nineteen: comments on satisfactory nature of Resolution and on reactions of U.S., Japan and China.	103
68	SIR F. LINDLEY Tokyo Tel. No. 163	Mar. 12	Informs Dept. of Overseas Trade of Japan's unsatisfactory financial position.	105
69	MR. PATTESON Geneva Tel. No. 25 to Shanghai	Mar. 12	Refers to No. 50: explains understandings relating to armistice negotiations and withdrawal of Japanese troops on which Chinese delegate accepted League Resolution of Mar. 4.	106

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
70 SIR M. LAMPSON Shanghai Tel. No. 175 Tour	Mar. 12	Message for Sir W. Selby expressing desire to get truce negotiations started and then return to Nanking.	106
71 U.S. SECRETARY OF STATE	Mar. 12	Letter from Mr. Stimson to Sir J. Simon expressing (a) appreciation of latter's successful efforts to secure reference to Kellogg Pact in League Resolution of Mar. 11, (b) importance of continued U.S.-U.K. constructive co-operation.	107
72 SIR F. LINDLEY Tokyo No. 144	Mar. 12	Reports conversation on Mar. 7 between Mr. Astor (Secretary to Lord Lytton) and Mr. Tani (Chief of Asiatic Dept.) concerning (a) Japan's desiderata in Manchuria, (b) railway administration in Manchuria, (c) Japan's role in formation of new State. Discusses future Japan-U.S.S.R. relationship.	108
73 MR. INGRAM Nanking Tel. No. 87 to Shanghai	Mar. 13	Informs Sir M. Lampson of a conversation with Chinese M.F.A. who stated that recent plenary session of Central Executive Committee at Loyang had confirmed his policy of resistance to all acts of aggression coupled with strict adherence to all treaty obligations.	111
74 MR. INGRAM Nanking Tel. No. 90 to Shanghai	Mar. 13	Informs Sir M. Lampson of Mar. 12 proclamation in which Chinese Govt. refuse to recognise new illegal govt. in N.E. provinces under aegis of Japanese Govt.	112
75 MR. INGRAM Nanking Tel. No. 91 to Shanghai	Mar. 13	Informs Sir M. Lampson of receipt from Ministry of Foreign Affairs on Mar. 12 of (a) summary of Japanese reply to Chinese note of Feb. 24, see Vol. IX, No. 571, (b) Chinese rejoinder, (c) list of officials showing high percentage of Japanese citizens installed as advisers.	112
76 SIR M. LAMPSON Shanghai Tel. No. 180 Tour	Mar. 13	Refers to No. 53: reports further communication from Japanese Minister giving interpretation by Japanese representative at Geneva of Chinese reservations to Mar. 4 Resolution: questions how much longer he and his colleagues should act as channel of communication.	113
77 SIR M. LAMPSON Shanghai Tel. No. 181 Tour	Mar. 13	Military Attaché's report for Mar. 13: alleged Japanese desire for partial withdrawal of troops: no indications that Chinese offensive contemplated.	114
78 SIR M. LAMPSON Shanghai Tel. No. 179 Tour	Mar. 14	Transmits copy of telegram sent to London by Joint Committee (see No. 48) on using present situation at Shanghai for improving conditions in International Settlement.	114
79 SIR F. LINDLEY Tokyo Tel. No. 165	Mar. 14	Criticizes view of Japanese policy in China as described in Lord Cecil's telegram of Jan. 31 (see Vol. IX, No. 204): believes present Japanese objective is restricted to removing danger of official boycott.	117

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
80	MR. INGRAM Nanking Tel. No. 95 to Shanghai	Mar. 14	Refers to No. 53: Sir M. Lampson informed of M.F.A.'s enquiry whether informal truce discussions could begin while awaiting reply from Geneva.	117
81	SIR F. LINDLEY Tokyo Tel. No. 168	Mar. 14	Refers to No. 82: considers M.F.A. will do all he can to prevent hasty recognition of new Manchurian Govt. in spite of press agitation.	118
82	SIR F. LINDLEY Tokyo Tel. No. 167	Mar. 14	Reports conversation with M.F.A., who expressed gratitude for Sir J. Simon's helpful attitude at Geneva, on (a) withdrawal of Japanese troops and opening of negotiations at Shanghai, (b) future status of new Manchurian Govt.	118
83	MR. HOLMAN Peking Tel. No. 160	Mar. 14	Repeats Hankow telegram No. 9 of Mar. 10 to Nanking reporting on situation at Hankow: Japanese Consul-General's determination to keep the peace.	119
84	SIR J. PRATT Foreign Office	Mar. 14	Memo. submitting copy of his record of conversation at Geneva with Mr. Yoshida, Japanese Ambassador at Rome, on future Anglo-Japanese co-operation in China.	120
85	SIR M. LAMPSON Shanghai	Mar. 14	Letter to Sir V. Wellesley enclosing and commenting on memo. by Military Attaché on origin of the clash in Chapei, Jan. 28-29.	122
86	MR. NORMAN DAVIS Geneva	Mar. 14	Letter to Sir J. Simon expressing his pleasure at having worked with him on joint efforts to solve Sino-Japanese problem and his hopes for a final solution.	124
87	MR. PATTESON Geneva Tel. No. 136 L.N.	Mar. 15	Telegram from Mr. Cadogan amplifying No. 69 concerning discussion in Assembly Committee of Resolution of Mar. 4 and Chinese delegates' understanding of the provision for the unconditional withdrawal of troops.	125
88	SIR M. LAMPSON Shanghai Tel. No. 187 Tour	Mar. 15	Reports unexpected progress towards an agreed basis for Sino-Japanese negotiations: comments on draft agenda (see No. 98).	126
89	SIR E. OVEY Moscow No. 123	Mar. 15	Reports Soviet military and political reactions to Japanese policy in China (cf. Vol. IX, No. 593).	128
90	MR. BRENNAN Shanghai No. 96	Mar. 15	Transmits copy of his despatch No. 137 of Mar. 15 to Sir M. Lampson on developments in the local Sino-Japanese situation since Mar. 4.	129
91	DAILY MEETING WITH COLLEAGUES Shanghai	Mar. 15	Proposed Shanghai Conference discussed with Lord Lytton: possibility of enlisting help of Lytton Commission in the negotiations examined. <i>note 4.</i> Decision at Colleagues' meeting on Mar. 16 not to suggest direct participation of Lytton Commission in Sino-Japanese negotiations.	134 137

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
92	TO U.S. SECRETARY OF STATE Washington	Mar. 15	Letter from Sir J. Simon in reply to No. 71: emphasizes value of close U.S.-U.K. co-operation.	138
93	SIR M. LAMPSON Shanghai Tel. No. 182 Tour	Mar. 16	Refers to instructions received by Portuguese and Netherland Ministers to collaborate with other representatives regarding policing of a neutral zone at Shanghai, in accordance with Assembly Resolution of Mar. 11: points out disadvantages of enlarging present body and of resuscitating idea of neutral policing of evacuated zone.	138
94	MR. PATTESON Geneva Tel. No. 141 L.N.	Mar. 16	Telegram from Mr. Cadogan: President told Assembly Committee for Far Eastern question on Mar. 16 that truce negotiations had begun at Shanghai: future procedure of Committee agreed.	139
95	MR. HOLMAN Peking Tel. No. 162	Mar. 16	Repeats C.-in-C.'s telegram No. 13 to Sir M. Lampson reporting his conversation with Admirals Abo and Nomura who emphasized Japanese desire to avoid trouble at Hankow (cf. No. 83).	140
96	SIR M. LAMPSON Shanghai Tel. No. 183 Tour	Mar. 16	Refers to No. 36 and Italian Govt.'s attitude towards postponement of Boxer Indemnity payment: suggests course of action for H.M.G.	140
97	SIR M. LAMPSON Shanghai Tel. No. 184 Tour	Mar. 16	Transmits Military Attaché's appreciation of situation, a military stalemate.	141
98	SIR M. LAMPSON Shanghai Tel. No. 188 Tour	Mar. 16	Draft agenda for meeting referred to in No. 88.	142
99	SIR M. LAMPSON Shanghai Tel. No. 192 Tour	Mar. 16	Informs of Japanese Minister's re-wording of para. 3 of draft agenda (see No. 98) before referring it to Tokyo for instructions: reports his conversation with Dr. Wellington Koo concerning a special police force, possibly with foreign officers, for areas adjacent to Settlement.	143
100	SIR M. LAMPSON Shanghai Tel. No. 195 Tour	Mar. 16	Informs of U.S. Govt.'s refusal to permit withdrawal of certain U.S. troops, and his intention to tell Brig. Fleming that any reduction of British forces would be premature from political point of view.	144
101	SIR M. LAMPSON Shanghai Tel. No. 190 Tour	Mar. 17	Refers to No. 93: Portuguese Minister places Portuguese forces at disposal of the C.-in-C. in accordance with his govt.'s instructions, and returns to North.	144
102	SIR F. LINDLEY Tokyo Tel. No. 170	Mar. 17	Comments on favourable reception of Assembly Resolution of Mar. 11: explains arguments used against setting up of an independent Manchuria: mentions danger of Govt.'s hand being forced by extreme military party.	145

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
103	SIR M. LAMPSON Shanghai Tel. No. 186 Tour	Mar. 17	Refers to No. 66: presumes new State should be dealt with as <i>de facto</i> authority, relations being as informal as possible.	145
104	SIR M. LAMPSON Shanghai Tel. No. 196 Tour	Mar. 17	Informs of postponement of meeting fixed for Mar. 16 until Japanese Minister receives instructions (cf. No. 99).	146
105	MR. HOLMAN Peking Tel. No. 165	Mar. 17	Repeats Harbin tel. No. 38 of Mar. 14 to Sir M. Lampson reporting official notification of new State's intention to control customs administration, and the appointment of Japanese adviser: instructions awaited.	146
106	MR. PATTESON Geneva Tel. No. 145 L.N.	Mar. 18	Mr. Cadogan's account of meeting of Committee of Assembly on Mar. 18: draft agenda (No. 98) discussed.	147
107	TO SIR M. LAMPSON Shanghai Tel. No. 40 Tour	Mar. 18	Refers to No. 87: has been advised that Chinese delegate must be taken to have been referring only to political conditions.	148
108	TO SIR M. LAMPSON Shanghai Tel. No. 41 Tour	Mar. 18	Refers to No. 100: agrees with suggested action.	149
109	MR. INGRAM Nanking Tel. No. 104 to Shanghai	Mar. 18	Informs of Chinese Vice-M.F.A.'s reading of events at Geneva relating to draft basis for formal conversations.	149
110	SIR M. LAMPSON Shanghai Tel. No. 203 Tour	Mar. 18	Explains position with regard to possible intervention by Lord Lytton in conferences with Chinese and Japanese (cf. Nos. 91 and 111).	150
111	SIR M. LAMPSON Shanghai Tel. No. 204 Tour	Mar. 18	Enquires whether, if the move appeared opportune, Lytton Commission could be authorized to assist in present negotiations.	151
112	SIR M. LAMPSON Shanghai	Mar. 18	Letter to Sir V. Wellesley relating to No. 78 and commenting on attitude of British community.	151

## CHAPTER II

### Negotiations, with neutral participation, for a Chinese-Japanese agreement at Shanghai: conditions in Manchuria March 19-April 12, 1932

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
113	MR. PATTESON Geneva Tel. No. 4	Mar. 19	Message from Sir E. Drummond commenting on No. 111 and Lytton Commission's responsibility to League of Nations Council: considers Commission should be given full discretion to decide own procedure.	153
114	SIR M. LAMPSON Shanghai Tel. No. 207 Tour	Mar. 19	Reports that meeting on Sino-Japanese agreement, referred to in No. 104, was held on Mar. 19: considerable progress made.	153

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
115 To MR. PATTESON Geneva Tel. No. 328	Mar. 20	Requests communication to Sir E. Drummond of Nos. 110 and 111: suggests Lord Lytton be authorized to take such part in Shanghai negotiations as seems to him useful.	154
116 SIR M. LAMPSON Shanghai Tel. No. 209 Tour	Mar. 20	Summarizes Military Attaché's report of Mar. 19: situation generally quiet: troop movements.	154
117 SIR M. LAMPSON Shanghai Tel. No. 210 Tour	Mar. 20	Refers to No. 114: gives fuller account of discussions: considers main difficulties will be definition of Chinese positions and of localities in which Japanese troops will be temporarily stationed.	155
118 SIR M. LAMPSON Shanghai Tel. No. 211 Tour	Mar. 20	Draft of agreement adopted, subject to acceptance by Chinese and Japanese Govts., on Mar. 19 (cf. No. 117).	158
119 SIR M. LAMPSON Shanghai Tel. No. 214 Tour	Mar. 21	Refers to No. 117: informs of lines desired by Japanese Staff as reported by Military Attaché, comments on their significance.	159
120 To SIR M. LAMPSON Shanghai Tel. No. 44 Tour	Mar. 21	Refers to No. 93: supports Sir M. Lampson's views and gives own interpretation of references in Resolution of Mar. 11 to co-operation of other Powers.	160
121 SIR F. LINDLEY Tokyo Tel. No. 175	Mar. 21	Has urged M.F.A. to send conciliatory instructions to Shanghai.	160
122 SIR M. LAMPSON Shanghai Tel. No. 215 Tour	Mar. 21	Suggests procedure for signing of agreement by Chinese and Japanese principals, followed by four foreign heads of mission as witnesses.	160
		<i>note 4.</i> Foreign Office agreement to suggestion.	160
123 SIR M. LAMPSON Shanghai Tel. No. 216 Tour	Mar. 21	Report of discussion on Mar. 21 of draft agreement in No. 118: Chinese views on programme of withdrawal and special constabulary: Japanese views on procedure for signature of agreement: formal conference with military representatives arranged for Mar. 23.	161
124 To MR. PATTESON Geneva Tel. No. 6 Saving	Mar. 21	Message for Sir E. Drummond explaining that No. 115 was despatched before receipt of No. 113: re-states Sir J. Simon's views and agreement that Commission should be given full discretion.	163
125 SIR F. LINDLEY Tokyo No. 151	Mar. 21	Review of position in Manchuria: comments on U.S. and Japanese attitudes thereto: explains own advocacy of autonomous govt. in Manchuria recognising Chinese sovereignty.	163
126 DAILY MEETING WITH COLLEAGUES Shanghai	Mar. 21	Discusses role of Lytton Commission, procedure for signature of agreement, Japanese refusal to name final date for withdrawal, proposed special constabulary.	167

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
127 MR. HOLMAN Peking Tel. No. 170	Mar. 22	Repeats Mukden telegram No. 25 to Peking informing of receipt Mar. 16 from M.F.A. at Changchun of despatch announcing establishment of State of Manchuria. <i>note 3.</i> Sir M. Lampson's instructions to Mr. Holman that no acknowledgement should be sent.	170 170
128 SIR F. LINDLEY Tokyo No. 154	Mar. 22	Refers to No. 63: discusses police investigations into Blood Brotherhood League and growing menace of reactionaries.	170
129 MR. SNOW Tokyo	Mar. 22	Letter to Mr. Orde connecting Japanese Govt's air disarmament proposals with Japan's vulnerability to an air attack from sea.	172
130 To SIR M. LAMPSON Shanghai Tel. No. 49 Tour	Mar. 23	Refers to No. 70 and valuable part played by Sir M. Lampson at Shanghai: decision when to leave without detriment to negotiations left to him.	173
131 SIR M. LAMPSON Shanghai Tel. No. 218 Tour	Mar. 23	Meeting of conference (see No. 123) postponed until Mar. 24 owing to question of status of Chinese and Japanese military representatives.	173
132 SIR R. LINDSAY Washington No. 495	Mar. 23	Comments on conversation between French Ambassador in Washington and Mr. Stimson (as recorded in Vol. IX, No. 664) on Franco-Japanese relations and economic sanctions against Japan.	174
133 SIR E. OVEY Moscow No. 144	Mar. 23	Reports statement by Mr. Wang, in charge of Chinese delegation in U.S.S.R., on China-U.S.S.R. resumption of diplomatic relations: no fresh developments expected in immediate future.	175
134 SIR M. LAMPSON Shanghai No. 44 T.S.	Mar. 23	Expresses agreement with Mr. Brenan's views in enclosure: comments on desiderata of British residents in Settlement: suggests possible amelioration in local conditions by friendly agreement with Chinese. <i>Encl. 1.</i> Despatch No. 147 of Mar. 22 from Mr. Brenan to Sir M. Lampson concerning foreign residents' desire for (a) independent judiciary, (b) extension of area under semi-foreign control, (c) demilitarized zone around Shanghai. Comments on Chinese Courts' and outside roads' questions: considers Japanese should be left to pursue their plans for demilitarized zone in own way.	175 177
135 MR. GARSTIN Harbin No. 20 to Peking	Mar. 23	Reports negotiations between Japanese and Soviet authorities regarding use of Chinese Eastern Railway by Japanese troops (cf. Vol. IX, No. 622): continuation of raids by Chinese troops opposed to Japanese régime: Soviet military preparations in Maritime Provinces.	181



	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
136	DAILY MEETING WITH COLLEAGUES Shanghai	Mar. 23	Mr. Quo Tai-chi is told of Japanese threat of military actions following Chinese activity on Soochow creek: explains reason for postponement of conference (cf. No. 131).	183
137	SIR M. LAMPSON Shanghai Tel. No. 222 Tour	Mar. 24	Reports proceedings of conference on Mar. 24 attended by Chinese and Japanese representatives and diplomatic colleagues: new Japanese draft text of agreement presented (see No. 141): draft of Mar. 19 (No. 118) discussed: Sir M. Lampson offers re-draft of preamble and article regarding position of Chinese troops.	185
138	TO LORD TYRRELL Paris No. 671	Mar. 24	M. de Fleuriau denies report that French Govt. has acknowledged notification of setting-up of new government in Manchuria.	188
139	MR. HUTCHISON Harbin No. 22 Overseas Trade B	Mar. 24	Refers to enclosure in No. 240 below: agent of Commercial Union Assurance Co. reports promise of some business following instructions from Japanese authorities.	189
140	TO MR. SAWADA Japanese Embassy London	Mar. 24	Letter from Mr. Orde explaining conditions under which H.M.G. propose to sanction visit of Japanese training ships to Singapore.	189
141	SIR M. LAMPSON Shanghai Tel. No. 223 Tour	Mar. 25	Text of Japanese draft agreement for cessation of hostilities between Japan and China presented at meeting in No. 137.	190
142	SIR M. LAMPSON Shanghai Tel. No. 230 Tour	Mar. 25	Reports proceedings of Sino-Japanese conference on Mar. 25: compromise formulae drafted: Japanese refuse time-limit for completion of withdrawals: Chinese criticise definition of localities to be occupied temporarily by Japanese troops and consider Japanese attitude irreconcilable with League Resolution of Mar. 4	192
143	SIR F. LINDLEY Tokyo Tel. No. 180	Mar. 27	Comments on alleged decision of Japanese Govt. to leave League of Nations if Art. 15 of Covenant were applied to Manchuria.	195
144	SIR M. LAMPSON Shanghai Tel. No. 232 Tour	Mar. 27	Reports conference proceedings on Mar. 26: new draft agreement to be prepared embodying articles agreed and formulae tentatively accepted: military sub-committee to continue work on defining Chinese 'positions' and Japanese 'localities'.	196
145	SIR M. LAMPSON Shanghai Tel. No. 234 Tour	Mar. 27	Summarized account by Military Attaché of Military Sub-Committee's proceedings on Mar. 26: no progress made.	198
146	SIR F. LINDLEY Tokyo Tel. No. 181	Mar. 28	Refers to No. 145: M.F.A. remarks on difficulty of interfering in a military question.	199
147	SIR F. LINDLEY Tokyo Tel. No. 183	Mar. 28	Refers to No. 143: reports M.F.A.'s explanation of rumour and denial of Japan's intention to leave League of Nations.	200

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148	SIR M. LAMPSON Shanghai Tel. No. 236 Tour	Mar. 28.	Summary of conference proceedings on Mar. 28: progress only on minor points (cf. No. 152).	200
149	SIR E. OVEY Moscow No. 166	Mar. 28	Reports conversations on Mar. 26 with M. Litvinov regarding Far Eastern question: describes precautionary measures being taken. <i>Encl.</i> Memo. regarding Soviet Govt's military preparations.	201 203
150	MR. HOLMAN Peking Tel. No. 175	Mar. 29	Repeats Harbin telegram No. 43 of Mar. 26 to Peking reporting negotiations for unconditional surrender by Chinese troops hitherto opposed to Japanese régime (cf. No. 135).	205
151	SIR M. LAMPSON Shanghai Tel. No. 238 Tour	Mar. 29	Text of draft B of agreement discussed at conference on Mar. 28 (see No. 152).	205
152	SIR M. LAMPSON Shanghai Tel. No. 237 Tour	Mar. 29	Refers to Nos. 148 and 151: reports more fully on discussion of draft B and amendments suggested: only Arts. 4 and 5 accepted.	207
153	SIR M. LAMPSON Shanghai Tel. No. 240 Tour	Mar. 29	Summary of conference proceedings on Mar. 29: Art. 1 accepted: further inconclusive discussions.	209
154	MR. EASTES Mukden No. 41	Mar. 29	Transmits political report for Mukden consular district for quarter ending Mar. 31, 1932.	211
155	SIR M. LAMPSON Shanghai Tel. No. 245 Tour	Mar. 30	Summarized report of Mar. 30 of Military Sub-Committee: has advised Chinese acceptance of revised Japanese demands.	214
156	SIR F. LINDLEY Tokyo No. 167	Mar. 30	Comments on increased activity of Japanese aeroplane factories.	215
157	FOREIGN OFFICE	Mar. 30	Memo. respecting the U.S. press and affairs in China: only isolated instances of press criticism of U.S. Govt.'s attitude.	215
158	DAILY MEETING WITH COLLEAGUES Shanghai	Mar. 30	Sir M. Lampson's account of recent conversation with Mr. Shigemitsu and Mr. Matsuoka: apparent desire of Japanese for conclusion of agreement: Manchurian customs question discussed.	217
159	SIR M. LAMPSON Shanghai Tel. No. 246 Tour	Mar. 31	Summary of conference proceedings Mar. 31: Art. 2 passed: deadlock in Military Sub-Committee.	220
160	SIR M. LAMPSON Shanghai Tel. No. 247 Tour	Apr. 1	Refers to No. 159: reports more fully on discussions and proposals.	220
161	TO SIR F. LINDLEY Tokyo No. 242	Apr. 1	Mr. Matsudaira informs Sir J. Simon of action by League of Nations which would lead to withdrawal of Japanese delegation: Japan still wished to co-operate on lines of Resolutions of Sept. 30 and Dec. 10, 1931.	222

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
162	SIR F. LINDLEY Tokyo No. 180	Apr. 1	Enlarges on Nos. 143 and 147: agrees with Japanese Govt.'s action in making their position clear before meeting of League Assembly: re-affirms (see Vol. IX, No. 620) need to settle Shanghai difficulty before dealing with Manchurian question.	225
163	SIR F. LINDLEY Tokyo No. 181	Apr. 1	Comments on enclosed memo. by Mr. Snow on 'ultra-nationalist and super-patriotic wave' which has swept Japan: predicts 'sweet reason of disillusion' if Manchurian question solved without an explosion.	227
164	SIR F. LINDLEY Tokyo No. 183	Apr. 1	Reports conversation with M.F.A. on Mar. 28 on advantages of retaining integrity of Chinese Customs régime in Manchuria: refers to difficulties of Mr. Fukumoto, Japanese Commissioner of Customs at Dairen.	230
165	TO SIR M. LAMPSON Shanghai Tel. No. 53 Tour	Apr. 2	Refers to No. 108: War Office enquiry as to earliest date at which withdrawal of one battalion to Hong Kong will be possible.	231
166	SIR M. LAMPSON Shanghai Tel. No. 251 Tour	Apr. 2	Has been notified by Chief Inspector of Salt of the taking over of salt administration in Manchuria by new Government: suggests no useful action can be taken.	232
167	SIR M. LAMPSON Shanghai Tel. No. 252 Tour	Apr. 2	Reports discussions, at informal tea party meeting on Apr. 1, on (a) time-limit for Japanese troop withdrawals, (b) definition of Chinese positions south of Soochow Creek, etc., and warning given to Japanese Minister on Apr. 2 against insistence on such definitions.	233
168	SIR M. LAMPSON Shanghai Tel. No. 253 Tour	Apr. 3	Reports conference proceedings on Apr. 2: Annexes 1 and 3 adopted (except for definitions of Chinese positions and Japanese localities): annex 4 adopted: further inconclusive discussion on timetable for Japanese withdrawal.	234
169	SIR M. LAMPSON Shanghai Tel. No. 254 Tour	Apr. 3	Summary of activities of Military Sub-Committee, Apr. 2: unsatisfactory discussions.	236
170	TO SIR M. LAMPSON Shanghai Tel. No. 54 Tour	Apr. 4	Informs of U.S. Govt.'s request for joint Anglo-U.S. démarche at Tokyo and Nanking against setting up of independent Customs administration in Manchuria: views of H.M.G. (see No. 171) being communicated to U.S. Govt.: doubts value of suggested action.	236
171	TO SIR M. LAMPSON Shanghai Tel. No. 55 Tour.	Apr. 4	Text of document embodying H.M.G.'s views on U.S. Govt.'s request in No. 170.	237
172	SIR F. LINDLEY Tokyo Tel. No. 186	Apr. 4	Refers to No. 146: M.F.A. expresses gratitude for Sir M. Lampson's help in Shanghai negotiations and seems likely to do all he can to secure a speedy settlement.	239

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	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
173	SIR F. LINDLEY Tokyo Tel. No. 187	Apr. 4	Refers to No. 164: M.F.A. states his entire opposition to separate Customs régime in Manchuria, but stresses opposition of Chinese Minister of Finance to any arrangement.	239
174	SIR M. LAMPSON Shanghai Tel. No. 256	Apr. 5	Reports conference proceedings on Apr. 4: revised draft C presented: lengthy discussions on Chinese positions and time-limit for Japanese withdrawal: his appeal for both sides to expedite settlement: discusses Chinese and Japanese responsibility for delays: transmits text of suggested declaration on Japanese withdrawal.	240
175	SIR M. LAMPSON Shanghai Tel. No. 257 Tour	Apr. 5	Refers to No. 174: considers Chinese demand for named time-limit for Japanese withdrawal justifiable: requests intervention with Japanese Govt. through Mr. Matsudaira to bring about settlement.	242
176	SIR M. LAMPSON Shanghai Tel. No. 258 Tour	Apr. 5	Summarizes proceedings of Military Sub-Committee, Apr. 4: possible that formula may be found for delimitation of positions in Woosung area.	243
177	SIR M. LAMPSON Shanghai Tel. No. 261 Tour	Apr. 5	Reports interview with Dr. T.V. Soong on (a) time-limit for Japanese withdrawal, (b) Customs, (c) Salt, (d) possible replacement of Chinese by Koreans in Manchuria, (e) British community's desires in Settlement, (f) Boxer Indemnity payment.	243
178	SIR M. LAMPSON Shanghai No. 72 T.S.	Apr. 5	Detailed record of main facts relating to the Customs in Manchuria since Feb. 21 (see No. 49).	245
			<i>Encl.</i> Memo. of Mar. 22 by Sir F. Maze setting out arguments in favour of a compromise on Manchurian Customs question to preserve integrity of Maritime Customs administration.	254
179	SIR R. LINDSAY Washington No. 581	Apr. 6	Reports and comments on passage through House of Representatives on Apr. 4 of Hare Bill to grant independence to Philippines at end of 8 years.	255
180	SIR M. LAMPSON Shanghai Tel. No. 265 Tour	Apr. 7	Reports conference proceedings on morning of Apr. 7: question of Chinese positions referred back to Military Sub-Committee.	257
181	SIR M. LAMPSON Shanghai Tel. No. 266 Tour	Apr. 7	Reports conference proceedings on afternoon of Apr. 7: tedious discussions on question of time-limit for Japanese withdrawal: suggested formulae to be referred to Chinese and Japanese Govts.	258
182	To SIR M. LAMPSON Shanghai Tel. No. 56 Tour	Apr. 8	Refers to No. 166: agrees with Sir M. Lampson's review of the position following Manchurian Govt.'s taking-over of salt administration.	260
183	SIR M. LAMPSON Shanghai Tel. No. 267 Tour	Apr. 8	Reports on activities of Military Sub-Committee, Apr. 7-8: visit to Woosung area to define boundaries on the ground: agreement reached for that locality: discussion on remaining areas incomplete.	260

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
184 MR. STRANG Moscow No. 188	Apr. 8	Summarizes information received on increased Soviet military movements in Vladivostok area and Japanese attitude of indifference thereto.	261
185 JAPANESE CONSULATE- GENERAL Shanghai	Apr. 8	Translation of Japanese communiqué quoting Govt.'s reply to Chinese notes of protest relating to Manchurian independence movement, especially disposition of Customs and Salt gabelle: denies any relations between Japanese Govt. and new Manchurian régime.	263
186 To SIR M. LAMPSON Shanghai Tel. No. 57 Tour	Apr. 9	Instructions to agree to one year's postponement of Boxer Indemnity payments on same terms as U.S. colleagues, irrespective of attitude of Italian Govt.	264
187 SIR M. LAMPSON Shanghai Tel. No. 268 Tour	Apr. 9	Has been informed by Japanese Minister that Govt. prepared to accept formula No. 1 (cf. No. 181) relating to time-limit for Japanese withdrawal but that was 'their absolutely last word': procedure to be followed if conference broke down.	264
		<i>note 3.</i> Report of discussion with Mr. Quo Tai-chi who considers proposed Japanese declaration inadequate.	264
188 SIR M. LAMPSON Shanghai Tel. No. 269 Tour	Apr. 9	Reports conference proceedings on Apr. 9: Japanese acceptance of formula No. 1: Chinese alternative draft: modified formula to be referred to Govts.	265
189 SIR M. LAMPSON Shanghai Tel. No. 271 Tour	Apr. 9	Text of Rengo press message relating to instructions sent to Mr. Shigemitsu to accept formula No. 1 (cf. No. 187) and to Japanese Govt.'s interpretation thereof.	266
190 To SIR M. LAMPSON Peking No. 338	Apr. 9	Summarizes legal position with regard to claims against Japanese Govt. in respect of damage suffered by British interests during military activities in Shanghai.	267
191 SIR R. GRAHAM Rome No. 281	Apr. 9	Refers to No. 89: reports views of Japanese colleague (Mr. Yoshida) on Manchurian question and his statement that Japanese Ambassador in Moscow considers Japan has nothing to fear from Russia.	268
192 SIR M. LAMPSON Shanghai Tel. No. 270 Tour	Apr. 10	Refers to No. 188: reports more fully on conference proceedings on Apr. 9: effect of Rengo press message (see No. 189) on Chinese attitude: procedure if deadlock reached.	269
193 SIR M. LAMPSON Shanghai Tel. No. 272 Tour	Apr. 10	Summarizes report of Military Sub-Committee meeting, Apr. 9: discussion on Chinese troop positions east of Wangpoo River.	271
194 SIR M. LAMPSON Shanghai Tel. No. 273 Tour	Apr. 10	Refers to No. 170: reports Sir F. Maze's views on position of Customs in Manchuria and Chinese Govt.'s refusal to consider any compromise: suggests possible procedure if Customs were interfered with.	271

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
195 SIR M. LAMPSON Shanghai Tel. No. 274 Tour	Apr. 10	Has been informed by Mr. Quo Tai-chi that proposed Japanese declaration relating to time-limit of withdrawal has been referred to Dr. Yen (Geneva): has stressed to Mr. Quo urgency of agreement: suggests advisability of word with Dr. Yen.	272
196 To SIR M. LAMPSON Shanghai Tel. No. 58 Tour	Apr. 11	Refers to No. 103: no objection to H.M. consular officers in Manchuria carrying on day-to-day dealings with local <i>de facto</i> authorities.	273
197 SIR M. LAMPSON Shanghai Tel. No. 276 Tour	Apr. 11	Gives own views on extent to which Legation archives should be made available to Lytton Commission: requests instructions on this and on question of British officials giving evidence before Commission.	273
198 U.S. CHARGÉ D' AFFAIRES London	Apr. 11	U.S. <i>aide-mémoire</i> on differing approach to Manchurian question of H.M.G. and U.S. Govt.: offers to prepare draft of public statement to be made by various govts. concerning actions of Manchurian authorities.	274
199 SIR M. LAMPSON Shanghai Tel. No. 279 Tour	Apr. 12	Informs of intention to leave Shanghai on Apr. 16.	277
200 SIR M. LAMPSON Shanghai Tel. No. 280 Tour	Apr. 12	Records proceedings of Military Sub-Committee on Apr. 11: Japanese localities agreed: possibility of compromise on Chinese positions.	277
201 SIR M. LAMPSON Shanghai Tel. No. 281 Tour	Apr. 12	Requests information on what is happening at Geneva over Shanghai negotiations (cf. No. 195): main conference at stand-still.	278
202 SIR M. LAMPSON Shanghai Tel. No. 282 Tour	Apr. 12	Summarizes report of Military Sub-Committee, Apr. 12: discussions on Chinese positions east of Wangpoo continued.	279
203 To SIR M. LAMPSON Shanghai Tel. No. 27 from Geneva	Apr. 12	Sir J. Simon refers to conversations with Dr. Yen (cf. No. 195): asks Sir M. Lampson for statement of points at issue for meeting of Special Assembly of League of Nations on Apr. 16: stresses value of corresponding messages from his colleagues.	279
204 MR. DENING Dairen No. 12 Overseas Trade	Apr. 12	Transmits memo. on trade prospects in Manchuria as result of Japanese action since Sept. 18, 1931.	280
205 MR. ROBERTS Foreign Office	Apr. 12	Memo. on reactions in various parts of China to the Manchurian and Shanghai crises.	289
206 SIR J. PRATT Geneva	Apr. 12	Letter to Mr. Orde enclosing records of four interviews by Sir E. Drummond: with Mr. Sato on Mar. 19 and 21 (encls. 1 and 2); with Mr. Wu Kai-seng on Apr. 9 (encl. 3); with Dr. Yen on Apr. 11 (encl. 4).	290

# CHAPTER III

## Successful conclusion of the negotiations for the withdrawal of Japanese forces from the Shanghai area

April 13–May 5, 1932

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
207	SIR F. LINDLEY Tokyo Tel. No. 190	Apr. 13	Reports conversation with Vice-M.F.A. about Manchurian Govt.'s refusal to admit Dr. Wellington Koo as an assessor with Lytton Commission into Manchuria.	298
208	To SIR M. LAMPSON Shanghai Tel. No. 28 from Geneva	Apr. 13	Refers to No. 197: Sir J. Simon's instructions as to use of official records by, and giving of formal evidence by British officials to, Lytton Commission.	299
209	To SIR M. LAMPSON Shanghai Tels. Nos. 29 and 30 from Geneva	Apr. 13	Summary of proceedings at League of Nations Council meeting on Apr. 12 relating to facilities to be given to Lytton Commission: British officials should give all reasonable facilities but adhere to instructions in No. 208.	299
210	SIR M. LAMPSON Shanghai Tel. No. 79 to Geneva	Apr. 13	Replies to No. 203: reports despatch of identic message to Geneva by colleagues and himself: will await result of Assembly meeting on Apr. 16 before deciding movements: gives own views on what China should do.	300
211	To MR. PATTESON Geneva Tel. No. 8 Saving	Apr. 13	Message for Sir J. Simon commenting on U.S. Govt.'s <i>aide-mémoire</i> (No. 198) of which copy sent to Geneva: suggests reasons why public pronouncement inadvisable at present though co-operation with U.S. desirable.	301
			<i>note 3.</i> Sir J. Pratt's comments on U.S. <i>aide-mémoire</i> .	302
212	To SIR E. DRUMMOND Geneva	Apr. 13	Letter from Sir J. Simon referring to No. 206, enclosure 4, and similarity between suggested Japanese and Chinese formulae for withdrawal of Japanese troops: expresses hope that meeting of Committee of 19 will not be necessary.	303
213	To SIR M. LAMPSON Shanghai Tel. No. 59 Tour	Apr. 14	Asks for confirmation of statement in telegram from Hong Kong to War Office of his agreement to withdrawal of one battalion (cf. No. 165).	304
214	SIR M. LAMPSON Shanghai Tel. No. 286 Tour	Apr. 14	Refers to No. 194: outlines informal understanding being negotiated between Sir F. Maze and Minister of Finance to prevent interference with Customs administration by Manchurian authorities.	304
215	To SIR F. LINDLEY Tokyo No. 283	Apr. 14	Sir J. Simon suggested to Japanese Ambassador on Apr. 14 Japanese acceptance of 4 months instead of 6 in formula for withdrawal of Japanese troops (cf. No. 212), and discussed admittance of Dr. Koo to Manchuria (cf. No. 207).	305

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
216	SIR F. LINDLEY Tokyo No. 205	Apr. 14	Refers to No. 125: comments on lack of progress in pacification of Manchuria: expresses uneasiness at turn that Soviet-Japanese relations are taking.	306
217	SIR F. LINDLEY Tokyo No. 5 Overseas Trade A	Apr. 14	Comments on Japanese press reports of expected economic developments in Manchuria, including loan of 20 million yen to new Manchurian Govt. and official emigration project.	308
218	SIR F. LINDLEY Tokyo Tel. No. 193	Apr. 15	Refers to No. 207: reports efforts being made to persuade Manchurian Govt. to withdraw opposition to entry of Dr. Koo.	310
219	SIR F. LINDLEY Tokyo Tel. No. 191	Apr. 15	Refers to No. 173: M.F.A.'s restatement of his attitude towards maintenance of integrity of Customs and approval of procedure suggested in No. 194, if Chinese Govt. refuse compromise.	310
220	SIR M. LAMPSON Shanghai Tel. No. 287 Tour	Apr. 15	Refers to No. 213: agrees to suggested withdrawal of one battalion from Hong Kong after discussion on Apr. 13 with colleagues.	310
221	SIR M. LAMPSON Shanghai Tel. No. 81 to Geneva	Apr. 15	Summarizes proceedings of Military Subcommittee meeting, Apr. 14: Japanese delegate refuses to accept any compromise on Chinese positions short of a neutral zone all round Shanghai: adjournment till next meeting of main conference.	311
222	SIR F. LINDLEY Tokyo No. 206	Apr. 15	Transmits: <i>Encl. 1.</i> Copy of Dairen despatch No. 42 of Apr. 8 concerning smuggling from Kwantung Leased Territory into Manchuria. <i>Encl. 2.</i> Copy of letter from Mr. Dening to Commissioner of Customs, Dairen, asking for steps to be taken to end smuggling which primarily affected the Chinese Maritime Customs. <i>Encl. 3.</i> Copy of letter from Mr. Dening to Chief of Foreign Affairs Section, Kwantung Govt., enquiring as to steps being taken to prevent smuggling, in accordance with Sino-Japanese agreement of May 30, 1907.	311 314 315
223	SIR J. PRATT Geneva	Apr. 15	Letter to Mr. Orde relating to procedure for Assembly Committee meetings on Apr. 16 and his conversation with Dr. Yen on Apr. 15: considers no Chinese Govt. can sign agreement unless it contains a time-limit.	315
224	To SIR F. LINDLEY Tokyo Tel. No. 72	Apr. 16	Should intimate to Japanese Govt. concern at reports in Seoul despatch No. 11 (see No. 30).	316
225	To SIR M. LAMPSON Shanghai Tel. Unnumbered	Apr. 16	Requests Sir M. Lampson to defer departure from Shanghai (cf. No. 199) pending instructions.	316



	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
226	SIR M. LAMPSON Shanghai Tel. No. 290 Tour	Apr. 16	Summarizes report of Military Attaché, Apr. 15: certain Japanese troops returning to Japan: Chinese and Japanese defensive preparations: no signs of impending Chinese offensive.	317
227	MR. PATTESON Geneva Tel. No. 34 L.N. Saving	Apr. 16	Sir J. Simon's record of Committee of 19's meeting on Apr. 16: resolution to be drafted inviting Joint Commission to deal with timing of withdrawal of Japanese troops.	317
228	SIR J. SIMON Geneva	Apr. 16	Letter to the Prime Minister: has discussed with Mr. Stimson (a) relations with the French, (b) disarmament, (c) Far East questions including modes of pressure on Japan and U.S. note on Manchuria (see No. 198).	320
229	SIR M. LAMPSON Shanghai Tel. No. 83 to Geneva	Apr. 17	Replies to No. 227, note 2: considers risk of ultimate responsibility entailed in proposal should not be over-emphasized.	324
230	MR. STRANG Moscow Tel. No. 58	Apr. 18	Reports reaction of Soviet Govt. and press to alleged Japanese provocative incidents.	324
231	MR. PATTESON Geneva Tel. No. 32 to Shanghai	Apr. 18	Refers to discussion by Committee of 19 on Apr. 18 of draft proposals in No. 227: requests joint reply from colleagues as to whether Joint Commission could or should assume the additional responsibility.	325
232	SIR M. LAMPSON Shanghai Tel. No. 292 Tour	Apr. 18	Refers to No. 186: he and U.S. Minister are informing Chinese Govt. of agreement to one year's postponement of Boxer Indemnity payments.	325
233	MR. HOLMAN Peking No. 445	Apr. 18	Transmits copy of Mr. Brennan's despatch No. 164 of Apr. 11 to Sir M. Lampson respecting Chinese courts in Shanghai International Settlement.	326
234	SIR F. LINDLEY Tokyo Tel. No. 195	Apr. 19	Reports M.F.A.'s attitude towards press accusations of Soviet intrigues in Manchuria: Japanese Govt. realizes need of avoiding conflict with U.S.S.R.	328
235	SIR F. LINDLEY Tokyo Tel. No. 196	Apr. 19	Refers to No. 234: suggests origin of accusations: Soviet Ambassador's attitude: danger of local hostilities in Manchuria.	328
236	MR. PATTESON Geneva Tel. No. 33 to Shanghai	Apr. 19	Refers to No. 231 and records approval of draft resolution by Committee of 19 on Apr. 19: mentions terms of Art. 11 relating to powers of Joint Commission and alleged acceptance thereof by Japanese Govt.	329
237	SIR M. LAMPSON Shanghai Tel. No. 269 Tour	Apr. 19	Reports discussion with Japanese Minister on prospects of resumption of peace negotiations: urged Japanese acceptance of positions agreed by Chinese for their troops east of Wangpoo and south of Settlement.	330

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
238	SIR M. LAMPSON Shanghai Tel. No. 297 Tour	Apr. 19	H.M. Consul at Amoy reports advance of Communist forces on Changchow, and expected arrival of H.M.S. 'Devonshire'. <i>note 1.</i> Summary of Amoy reports of Apr. 21 and 22 announcing occupation of Changchow on Apr. 19.	330 330
239	SIR M. LAMPSON Shanghai Tel. No. 85 to Geneva	Apr. 19	Transmits text of identic telegram as requested in No. 231: states colleagues' preference for their proposal in identic telegram of Apr. 13 (cf. No. 210, <i>note 2</i> ).	331
240	To SIR F. LINDLEY Tokyo No. 294	Apr. 19	Refers to enclosure: discusses extent to which there may have been an infringement of principle of 'open door' in Manchuria. <i>Encl.</i> Copy of despatch No. 17 O.T.B. of Mar. 11 from Commercial Secretary, Harbin, to Foreign Office, reporting on action taken by a Japanese adviser to prevent Bank of Manchuria from effecting its insurances with the Commercial Union Assurance Co., a British firm.	332 333
241	SIR F. LINDLEY Tokyo Tel. No. 197	Apr. 20	Reports that neither Japanese nor Korean Govt. had ever contemplated incorporating part of Kanto into Korea (cf. No. 224).	335
242	To SIR F. LINDLEY Tokyo Tel. No. 74	Apr. 20	Requests comments on Seoul despatch No. 12 to Tokyo of Mar. 11 relating to Japanese relief work for Korean refugees in Manchuria.	335
243	SIR F. LINDLEY Tokyo Tel. No. 198	Apr. 20	Refers to No. 231: considers Japanese Govt. will not accept judgment of any authority except themselves as to time for withdrawal of troops.	336
244	MR. PATTESON Geneva Tel. No. 26 to Tokyo	Apr. 20	Instructions from Secretary of State to make representations to Japanese Govt. on obstruction of free movement of Lytton Commission in Manchuria by Japanese connected with local Manchurian authorities.	336
245	SIR M. LAMPSON Shanghai Tel. No. 300 Tour	Apr. 20	Reports conversation with Mr. Quo Tai-chi on (a) draft resolution, see No. 236, (b) difficulties in Military Sub-Committee relating to fixing of Chinese troop positions south of Soochow Creek.	337
246	SIR F. LINDLEY Tokyo No. 210	Apr. 20	Reports Japanese press comments on passage by U.S. House of Representatives of Hare Bill relating to independence of Philippine Islands, and Mr. Stimson's letter of Feb. 15 to Senator Bingham (cf. No. 179).	338
247	SIR F. LINDLEY Tokyo Tel. No. 63 to Geneva	Apr. 21	Refers to No. 244: informs of Japanese Govt.'s decision to undertake protection themselves of Lytton Mission in Manchuria.	339
248	SIR F. LINDLEY Tokyo Tel. No. 64	Apr. 21	Informs of M.F.A.'s statement that Japanese Govt. could not possibly admit right of Joint Commission to fix date for Japanese withdrawal (cf. No. 236).	340

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249	SIR M. LAMPSON Shanghai Tel. No. 89 to Geneva	Apr. 21	Military Attaché's report, Apr. 21: incidents south of Soochow Creek.	340
250	SIR M. LAMPSON Shanghai Tel. No. 90 to Geneva	Apr. 21	Reports Mr. Quo's attitude towards Art. 11 of draft resolution (cf. No. 236)	341
251	SIR M. LAMPSON Shanghai Tel. No. 304 Tour	Apr. 22	Reports possibility of local Chinese authorities, on instructions from Nanking, taking initiative in opening discussions on outstanding problems in Settlement: his advice to Chairman of Municipal Council.	342
252	SIR M. LAMPSON Shanghai Tel. No. 92 to Geneva	Apr. 22	Reports conversation with Japanese Minister who confirmed that it was Art. 11 of draft resolution that was objectionable to Govt: text of proposed addition to Annex 4 and of revised Art. 11 supported by Japanese Minister and Mr. Quo personally: suggested amendments to be discussed with Chinese M.F.A.	342
253	SIR M. LAMPSON Shanghai No. 1 Tour Saving	Apr. 22	Reports Chinese Govt.'s enquiries about a British military aviation mission to China: suggests advantages in pursuing matter and providing lowest estimate of cost.	344
254	MR. HOLMAN Peking Tel. No. 211	Apr. 23	Informs of reports from Harbin of activities of Kirin troops in E. Manchuria and of General Ma's alleged messages to Lytton Commission denouncing Japanese aggression.	345
255	SIR M. LAMPSON Nanking Tel. No. 93 to Geneva	Apr. 24	Urges desirability of adoption of League resolution within next two days: is convinced solution possible along lines proposed in No. 252.	346
256	SIR M. LAMPSON Nanking Tel. No. 309 Tour	Apr. 24	Repeats telegram received from Amoy Apr. 23 stating joint plan for defence and, if necessary, evacuation has been agreed by British, Japanese, and U.S. naval officers (cf. No. 238): requests instructions.	346
257	SIR M. LAMPSON Nanking Tel. No. 95 to Geneva	Apr. 25	Refers to No. 252: reports Dr. Lo Wenkan's comments on suggested amendments: proposes deletion of Art. 11 from draft resolution.	347
258	SIR M. LAMPSON Nanking Tel. No. 96 to Geneva	Apr. 25	Transmits revised wording of Art. 11 and addition to Annex 4 which Chinese Govt. are prepared to accept if proposed by Committee of 19: new formula being telegraphed to Dr. Yen and is said to be China's last word.	348
259	MR. PATTESON Geneva Tel. No. 12 to Nanking	Apr. 25	Refers to No. 258 and asks for clarification.	348
260	SIR M. LAMPSON Nanking Tel. No. 97 to Geneva	Apr. 25	Informs of action being taken to secure Japanese Govt.'s acceptance of formula in No. 258: suggests H.M. Ambassador at Tokyo might put in word.	349

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261	SIR M. LAMPSON Nanking Tel. No. 4 to Amoy	Apr. 25	Informs of his discussion with M.F.A. on Apr. 25 of situation at Amoy and instructions issued (see No. 264).	349
262	MR. HOLMAN Peking No. 472	Apr. 25	Transmits copy of Mr. Brennan's despatch No. 173 of Apr. 18 relating to the ending on Apr. 11 of the Chinese administration in Chapei under Japanese protection: discusses reasons for failure: area now directly administered by Japanese naval and military authorities.	350
263	MR. PATTESON Geneva Tel. No. 185 L.N.	Apr. 26	Mr. Cadogan's report of meeting of Committee of 19 on Apr. 26: discussion of text in No. 258 postponed until Apr. 28: future procedure discussed.	351
264	SIR M. LAMPSON Nanking Tel. No. 2 to Amoy	Apr. 26	Sends instructions requested by Mr. Jamieson (cf. No. 256).	352
265	SIR M. LAMPSON Shanghai Tel. No. 100 to Geneva	Apr. 26	Refers to No. 259: gives further details of formula suggested.	352
266	SIR M. LAMPSON Shanghai Tel. No. 101 to Geneva	Apr. 26	Has informed Japanese Minister of amendments (see No. 258) approved by Chinese Govt.	353
267	SIR M. LAMPSON Shanghai Tel. No. 102 to Geneva	Apr. 26	Refers to No. 266: explains why question of Chinese military positions south of Soochow Creek not mentioned.	354
268	SIR F. LINDLEY Tokyo Tel. No. 66 to Geneva	Apr. 26	Refers to No. 260: informs of conversation on suggested amendments with M.F.A. who expressed warm appreciation of Sir M. Lampson's efforts.	354
269	SIR F. LINDLEY Tokyo Tel. No. 67 to Geneva	Apr. 26	Reports that M.F.A. has secured acceptance of proposals by Minister for War, and hopes to despatch instructions to Geneva that night after consultation with Minister of Marine: urges opportunity be seized to reach agreement.	355
270	U.K. DELEGATE Geneva No. 111	Apr. 26	Transmits (a) note of conversation with Karl Radek concerning Japanese policy in Manchuria, possibility of war between U.S.S.R. and Japan, relative land and air strengths of the two countries, disadvantage of lack of diplomatic relations with U.S., (b) comments by Sir J. Pratt.	356
271	SIR M. LAMPSON Shanghai No. 101 T.S.	Apr. 26	Refers to No. 222, enclosure 1: informs of attitude of Chinese Maritime Customs towards smuggling from Kwantung Leased Territory into Manchuria, and reported abrupt stopping of smuggling at Antung.	359
272	SIR F. LINDLEY Tokyo No. 222	Apr. 26	Informs of Count Uchida's withdrawal of his resignation from post of President of S. Manchuria Railway Co: considers incident a good illustration of predominant influence of Military party in country's affairs.	361

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		<i>Encl.</i> Copy of Dairen despatch No. 50 of Apr. 19 to Sir F. Lindley on local reaction to Count Uchida's resignation and attitude of the Military party.	361
273 To SIR J. SIMON Geneva	Apr. 26	Letter from Sir R. Vansittart referring to Nos. 166 and 182 and outlining position of Salt Administration in Manchuria: suggests recent action by Japanese advisers at Newchwang may give ground for protesting against violation of 9-Power Treaty.	363
274 SIR M. LAMPSON Nanking Tel. No. 314 Tour	Apr. 27	Reports conversation with Gen. Chiang Kai-shek and Mr. Wang Ching-wei on Apr. 25 relating to (a) revisions of Art. 11 of draft resolution, see No. 258, (b) Chinese military positions at Soochow Creek, etc: his suggested statement, to be made by Chinese representative at conference, not accepted: Chinese Govt.'s demands.	364
275 MR. PATTESON Geneva Tel. No. 36 to Shanghai	Apr. 27	Informs of procedure to be followed to conclude draft agreement.	366
276 MR. PATTESON Geneva Tel. Nos. 37 and 38 to Shanghai	Apr. 27	Refers to No. 275: transmits text of revised Art. 11 of resolution: informs of Japanese Govt.'s objection to any action involving recognition of right of Committee of 19 to concern themselves with Shanghai negotiations, and of probable effect of their refusal formally to accept resolution.	366
277 To SIR J. SIMON Geneva	Apr. 27	Letter from Sir R. Vansittart enclosing record of Sir V. Wellesley's conversation of Apr. 22 with the Japanese Chargé d'Affaires, who explained why his Govt. desired H.M.G. to continue to treat as confidential Mr. Matsudaira's communication of Apr. 1 (see No. 161).	367
278 SIR M. LAMPSON Shanghai Tel. No. 5 to Amoy	Apr. 28	Refers to No. 264: U.S. Govt. agrees conditionally to joint Anglo-U.S. defensive measures: Mr. Jamieson warned to avoid involvement in any Chinese-Japanese conflict.	368
279 SIR M. LAMPSON Shanghai Tel. No. 104 to Geneva	Apr. 28	Reports on steps being taken to get draft agreement into final form: new draft D produced on Apr. 27.	369
280 SIR M. LAMPSON Shanghai Tel. No. 105 to Geneva	Apr. 28	Refers to No. 279: reports informal meeting on Apr. 28 attended by Mr. Quo and Japanese Minister: wording of additional sentence in Annex 4 agreed.	370
281 SIR M. LAMPSON Shanghai Tel. No. 106 to Geneva	Apr. 28	Refers to Nos. 279 and 280: reports detailed discussion on Draft D: an agreed draft E to be circulated: suggests possibility of Japanese dropping demand for definition of Chinese positions south of Soochow Creek, the only point outstanding in the negotiations.	370

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282	SIR F. LINDLEY Tokyo Tel. No. 68 to Geneva	Apr. 28	Reports conversation on Japanese attitude towards draft resolution (cf. No. 276) with Vice-M.F.A. who expressed view that Japanese representative at Geneva would be instructed to vote.	372
283	MR. PATTESON Geneva Tel. No. 39 to Shanghai	Apr. 28	Report on proceedings of Committee of 19 on Apr. 28: decision to submit resolution to public meeting of Special Assembly on Apr. 30.	372
284	SIR F. LINDLEY Tokyo No. 234	Apr. 28	Refers to Sir V. Wellesley's memo. (Vol. IX, No. 356) and comments on Far Eastern problem from political point of view.	373
285	SIR M. LAMPSON Shanghai No. 111 T.S.	Apr. 28	Transmits (a) copy of letter of Apr. 27 from Sir F. Maze describing steps taken to convince Mr. Yoshizawa and Mr. Shigemitsu of need to maintain integrity of Customs administration, (b) copy of letter of Apr. 25 from Mr. Shigemitsu to Chief Secretary in Chinese Maritime Customs Administration containing message of appreciation from M.F.A. for Sir F. Maze.	375
286	MR. FITZMAURICE Foreign Office	Apr. 28	Discusses legal aspects of questions raised by Mr. Broad (see Vol. IX, No. 78, note 1) relating to alleged Sino-Japanese agreement of 1905 about 'parallel' railways in Manchuria.	377
287	MR. HOLMAN Peking Tel. No. 224	Apr. 29	Refers to No. 254: informs of reports from H.M. Consul-General, Harbin, of Sino-Japanese incidents in Chinese Eastern Railway area.	382
288	SIR F. LINDLEY Tokyo Tel. No. 69 to Geneva	Apr. 29	Refers to No. 282: reports conversation with M.F.A. who (a) informed him that Japanese delegation would abstain from voting on resolution, and reasons for this decision, (b) expressed appreciation of attitude of Sir J. Simon and Prime Minister.	382
289	SIR F. LINDLEY Tokyo Tel. No. 70 to Geneva	Apr. 29	Refers to No. 288: M.F.A. also spoke of proposed Round Table Conference and doubt as to whether Chinese Govt. would take part; Japan desires only security of settlement and co-operation with other Powers.	383
290	SIR M. LAMPSON Shanghai Tel. No. 107 to Geneva	Apr. 29	Military Attaché reports a bomb was thrown and Japanese Minister and others were wounded at Emperor's birthday celebrations on Apr. 29.	384
291	SIR M. LAMPSON Shanghai Tel. No. 108 to Geneva	Apr. 29	Reports (a) further details of incident in No. 290, (b) conversation with Mr. Okazaki, Japanese Minister's personal secretary, relating to procedure for speedy conclusion of Shanghai negotiations: Gen. Tashiro to be urged to drop demand for definition of Chinese military positions south of Soochow Creek.	384

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
292	MR. PATTESON Geneva Tel. No. 42 to Shanghai	Apr. 30	Informs of messages of sympathy sent to Tokyo and given to Mr. Matsudaira at Geneva on receipt of news in No. 291: instructions on message to Japanese Minister.	385
293	MR. PATTESON Geneva Tel. No. 43 to Shanghai	Apr. 30	Informs of unanimous adoption by Special Assembly on Apr. 30 of Resolution submitted by Council of 19.	386
294	MR. PATTESON Geneva Tel. No. 44 to Shanghai	Apr. 30	Sir J. Simon's message of appreciation to Sir M. Lampson for his strenuous exertions in cause of peace.	386
295	SIR F. LINDLEY Tokyo Tel. No. 73 to Geneva	Apr. 30	Has enquired of M.F.A. why instructions reported in No. 269 have not been carried out and has insisted that Japanese must make concession on this point: has urged necessity of not allowing Shanghai outrage to hinder conclusion of armistice.	386
296	SIR F. LINDLEY Tokyo Tel. No. 74 to Geneva	Apr. 30	Refers to No. 295: reports conversation with M.F.A. who informed him that (a) Japanese Govt. intended to continue armistice negotiations, (b) General Staff had dropped their demand relating to definition of Chinese military positions south of Soochow Creek but not at Pootung.	387
297	SIR M. LAMPSON Shanghai Tel. No. 110 to Geneva	Apr. 30	Refers to No. 291: reports Mr. Quo's agreement to Japanese suggestions relating to signatories of agreement: Chinese Govt. being informed.	388
298	MR. HOLMAN Peking Tel. No. 227	Apr. 30	Transmits report on situation at Amoy from H.M. Consul, who doubts whether Chinese Naval Commander there could withstand Communist attack unless reinforced.	388
299	MR. HOLMAN Peking Tel. No. 230	Apr. 30	Repeats telegram No. 35 of Apr. 29 from Mukden reporting assurances from Japanese authorities of removal of difficulties regarding Dr. Koo's entry into Manchuria (cf. No. 218).	389
300	SIR F. LINDLEY Tokyo No. 237	Apr. 30	Reports that Mr. Arita is to be appointed Vice-M.F.A. in place of Mr. Nagai: comments on possible effect of change from foreign diplomats' point of view.	389
301	TO U.S. SECRETARY OF STATE Washington	Apr. 30	Letter from Sir J. Simon relating to (a) procedure contemplated for ensuring continued contribution by Manchuria to the service of the Chinese loans secured on the Customs, (b) disruption of Salt Gabelle administration by Japanese action at Newchwang (cf. No. 273) as a breach of 9-Power Treaty and suitable basis for joint Anglo-U.S. representations to Japanese Govt.	390

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
302 SIR F. LINDLEY Tokyo Tel. No. 76	May 1	Refers to enquiry being made into Shanghai outrage (see No. 290): possible use as means of pressure on Chinese.	392
303 SIR M. LAMPSON Shanghai Tel. No. 111 to Geneva	May 1	Informs of action he has taken, at Mr. Okazaki's request, to impress on Gen. Tashiro the extreme unwisdom of pursuing question of Chinese positions south of Soochow Creek (cf. No. 291): he and his colleagues may speak out at next conference meeting: suggests H.M. Ambassador might intervene again at Tokyo.	392
304 SIR M. LAMPSON Shanghai Tel. No. 113 to Geneva	May 1	Transmits official message (a) on Japanese Govt.'s desire to continue armistice negotiations, (b) on investigation of Shanghai outrage: reports conversation with Mr. Okazaki stressing need for final Sino-Japanese agreement and intimating intention to leave Shanghai on May 5.	393
305 SIR M. LAMPSON Shanghai Tel. No. 275 to Tokyo	May 1	Refers to No. 296: emphasizes ridiculous features of Japanese attitude over Pootung: insistence will wreck agreement: informs of his own departure from Shanghai on May 5.	394
306 SIR M. LAMPSON Shanghai Tel. No. 115 to Geneva	May 1	Refers to No. 304 and possibility of finding way round difficulty of Chinese positions: informs of attitude he has taken towards Chinese hesitancy in accepting proposed solution.	395
307 MR. PATTESON Geneva Tel. No. 34 to Tokyo	May 1	Refers to Nos. 303-5: instructions for energetic representations to Japanese Govt. as to expected Japanese signature of agreement.	395
308 SIR M. LAMPSON Shanghai Tel. No. 117 to Geneva	May 2	Informs of progress in conversations between neutral Attachés and Japanese military delegate on question of Chinese positions: transmits text of formula under consideration by Chinese and Japanese Govts.	396
309 SIR F. LINDLEY Tokyo Tel. No. 77 to Geneva	May 2	Refers to No. 303: informs of latest representations to M.F.A. who expressed confidence that agreement would be signed.	397
310 SIR F. LINDLEY Tokyo Tel. No. 78 to Geneva	May 2	Refers to No. 307: reports resulting interview with M.F.A. who informed him of despatch that afternoon of instructions to sign agreement using formula in No. 308.	397
311 SIR F. LINDLEY Tokyo Tel. No. 79 to Geneva	May 2	Informs of Govt.'s reported decision to ship 14th Division direct from Shanghai to Manchuria as soon as armistice signed.	397
312 MR. HOLMAN Peking Tel. No. 231	May 2	Refers to No. 287: informs of further incidents and sporadic fighting reported from Harbin.	398
313 SIR M. LAMPSON Shanghai Tel. No. 7 to Amoy	May 3	Comments on request of Consular body for landing of a force to protect life and property in Kulangsu (cf. No. 298): asks for observations. <i>note 3. Mr. Jamieson's reply.</i>	398 398



	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
314	SIR M. LAMPSON Shanghai Tel. No. 119 to Geneva	May 3	Summarizes report of Military Sub-Committee's meeting on May 2: acceptance with certain amendments of formula (cf. No. 308) relating to Chinese military positions: expression of appreciation of Col. Badham-Thornhill's untiring efforts. <i>note 4.</i> Chinese delegates' statements to neutral Attachés relating to Chinese troop positions and intended movements.	399 399
315	SIR M. LAMPSON Shanghai Tel. No. 340 Tour	May 3	Informs of unfortunate effect created by Reuter's report of Mr. Eden's statements on May 2 relating to powers of Joint Commission, and of Mr. Quo's desire for reassuring statement.	400
316	SIR M. LAMPSON Shanghai Tel. No. 339 Tour	May 3	Reports attack on Mr. Quo by students.	400
317	SIR M. LAMPSON Shanghai Tel. No. 281 to Tokyo	May 3	Transmits text of declaration, received from Mr. Okazaki, which Japanese Govt. insist must be made by Japanese delegation at time of signing agreement: hopes Japanese Govt. may be induced to drop it: suggests alternative wording if retained.	401
318	MR. HOLMAN Peking Tel. No. 233	May 3	Summarizes report of Apr. 29 from H.M. Consul-General, Canton, on indeterminate political situation in South.	402
319	DAILY MEETING WITH COLLEAGUES Shanghai	May 3	Mr. Blackburn's summary of developments relating to prospect of signature of agreement since drafting of formula in No. 308.	403
320	TO SIR M. LAMPSON Shanghai Tel. No. 74 Tour	May 4	Refers to No. 315: explains distortion in Reuter's report and informs of statement to be made by Sir J. Simon in House of Commons that afternoon.	404
321	SIR F. LINDLEY Tokyo Tel. No. 117 to Shanghai	May 4	Refers to No. 317: reports consent of M.F.A. and Ministers of War and Marine to withdrawal of demand for Japanese declaration.	405
322	SIR F. LINDLEY Tokyo Tel. No. 118 to Shanghai	May 4	Refers to No. 321: has been informed by M.F.A. of instructions to military delegates to address communication to neutral delegates on importance attached to Chinese statements in No. 314, note 4: M.F.A.'s agreement that it would have been better to have proposed nothing new.	405
323	SIR M. LAMPSON Shanghai Tel. No. 343 Tour	May [4]	Informs of irritating minor difficulties which have arisen in connexion with signing of agreement and how they have been dealt with: only outstanding danger arises from proposed Japanese declaration (cf. No. 317).	406
324	SIR M. LAMPSON Shanghai Tel. No. 345 Tour	May 5	Reports signature of Agreement at Shanghai at 12 noon on May 5.	407
325	TO MR. BLAND Brussels Tel. No. 12	May 5	Message from Sir J. Simon to M. Hymans congratulating him on signature of Shanghai Agreement.	407

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
<b>326</b> SIR M. LAMPSON Shanghai Tel. No. 344 Tour	May 5	Transmits text of letter which Japanese delegation propose to send to four neutral heads of Legations: considers this removes last obstacle (cf. No. 323) to signature of Agreement on May 5: reports Mr. Okazaki's statement on withdrawal of large numbers of Japanese troops from Shanghai area immediately after signature.	407
<b>327</b> JAPANESE CHARGÉ D'AFFAIRES London	May 5	Note to Sir J. Simon expressing appreciation of Sir M. Lampson's contribution to restoration of peace, also of that of other British civil and military authorities concerned.	408
		<i>note 2.</i> Expressions of gratitude to Sir M. Lampson by Mr. Yoshizawa and the Japanese press, and also 'a thoroughly well-deserved tribute' by Admiral Sir H. Kelly.	408

#### CHAPTER IV

### Shanghai International Settlement questions and proposed Round Table Conference: conditions in Manchuria: taking-over of the Chinese Maritime Customs by the Manchukuo authorities May 5-July 13, 1932

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
<b>328</b> MR. HOLMAN Peking Tel. No. 237	May 5	Repeats Harbin telegram No. 54 of May 2 to Sir M. Lampson reporting press allegations of Soviet complicity in plot to blow up railway bridges, trains, and buildings in North Manchuria.	410
<b>329</b> MR. HOLMAN Peking Tel. No. 239	May 5	Repeats Harbin telegram No. 55 of May 4 to Sir M. Lampson reporting Sino-Japanese military activities in N. Manchuria.	411
<b>330</b> SIR R. LINDSAY Washington No. 766	May 5	Summarizes and comments on Mr. Castle (Acting Secretary of State)'s speech on May 4 reviewing U.S. Govt.'s policy concerning methods for prevention of war: supports doctrine of non-recognition.	411
<b>331</b> SIR M. LAMPSON Shanghai Tel. No. 347 Tour	May 6	Summarizes Military Attaché's report on proposed Japanese troop withdrawals from Shanghai area and expected arrival of Chinese special police.	413
<b>332</b> SIR M. LAMPSON Shanghai Tel. No. 352 Tour	May 6	Reports on final conference meeting on May 5: transmits names of personnel of Joint Commission: explains his attitude towards chairmanship of Joint Commission.	413
		<i>note 2.</i> U.S. representative, Mr. Cunningham, elected chairman at first meeting of Joint Commission on May 7.	414

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
333	MR. HOLMAN Peking Tel. No. 224	May 8	Repeats Canton telegram No. 35 of May 5 to Peking relating to Chinese newspaper attack on Apr. 16 on the late Japanese Emperor: considers matter has been settled.	414
334	SIR M. LAMPSON Peking Tel. No. 252	May 11	Reports conversation with Dr. Lo Wenkan and Mr. Hsu Mo on May 7: (a) Chinese Govt.'s appreciation of good offices during Shanghai negotiations, (b) his own warning against anti-Japanese boycott, (c) M.F.A.'s desire for settlement of local Shanghai problems.	415
335	MR. MACKILLOP Foreign Office	May 11	Minute suggesting the raising of embargo on sale of Govt.-owned stocks of arms for re-sale to China or Japan. <i>note 5.</i> Sir J. Simon's approval of suggestions on May 11.	415 416
336	SIR F. LINDLEY Tokyo No. 259	May 12	Discusses position of Fascism in Japan: attitude of the political leaders and of the press.	416
337	SIR M. LAMPSON Peking No. 537	May 12	Transmits copy of Newchwang despatch No. 36 of Apr. 4 to Peking concerning trade restrictions in Manchuria and effect of billeting of Japanese troops on Chinese agents of British companies.	417
338	TO MR. CARR U.K. Delegation Geneva	May 12	Letter from Sir J. Pratt approving Committee of 19's decision to say nothing about Manchuria in their report until Lytton Commission have reported.	418
339	TO MR. SNOW Tokyo	May 12	Letter from Mr. MacKillop replying to Mr. Snow's query in No. 82 in Vol. IX on extent, if any, to which 1905 Sino-Japanese Treaty and Protocols were invalidated by Washington Treaties of 1922: concludes there are no grounds for assuming 1905 Protocols have lost their force.	419
340	SIR M. LAMPSON Peking Tel. No. 259	May 13	Repeats Canton telegram No. 37 of May 13 to Peking informing of issue by members of central executive committee of Kuomintang at Canton of circular telegram opposing Shanghai Agreement.	420
341	SIR F. LINDLEY Tokyo No. 261	May 13	Refers to Japanese Govt.'s decision to withdraw all troops from Shanghai area by end of month: gives his interpretation of Japanese action and suggests Japanese will cease pressing for Round Table Conference.	420
342	SIR F. LINDLEY Tokyo Tel. No. 230	May 14	Informs of M.F.A.'s discussion the previous day with French and Italian Ambassadors, U.S. Chargé d'Affaires and himself on proposed Round Table Conference: reports M.F.A.'s suggestions for preliminary conference at Tokyo with no Chinese representatives, subsequent meeting with Colleagues and agreement on representations to be made to their Govts.	422

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
343	SIR F. LINDLEY Tokyo Tel. No. 231	May 14	Refers to No. 342: suggests preliminary conference be held in London instead of Tokyo: no objection expected from M.F.A.	423
344	TO SIR M. LAMPSON Peking Tel. No. 91	May 14	Explains unwillingness of H.M.G. to join U.S. Govt. in protest against establishment of separate Customs administration in Manchuria (cf. Nos. 170 and 171): proposes, subject to comments by Sir M. Lampson and Sir F. Lindley, to agree to protest in connexion with Salt Gabelle, if suggested by Mr. Stimson.	424
345	SIR M. LAMPSON Peking No. 551	May 14	Encloses Shanghai despatch No. 180 of May 2 from Mr. Brennan commenting on effects and implications of a recent F.O. ruling against diplomatic assistance to trading companies for the furthering of the sale of foreign goods in China: asks for further instructions.	425
346	MR. BRENNAN Shanghai No. 190	May 14	Reports present position of negotiations relating to administration of 'outside roads' and areas adjacent to International Settlement: comments on Chinese proposals of May 2 which could form basis of further discussion.	426
347	SIR F. LINDLEY Tokyo Tel. No. 232	May 15	Reports attack on Prime Minister (Mr. Inukai) and other outrages on evening of May 15.	429
348	SIR F. LINDLEY Tokyo Tel. No. 233	May 16	Refers to No. 347: reports death of Prime Minister and rumours as to assailants.	429
349	SIR M. LAMPSON Peking Tel. No. 262	May 17	Reports H.M. Consul at Amoy's apprehension at local situation and suggestion of best way to protect foreign lives and property in Kulangsu (cf. No. 278): requests instructions whether landing of small naval party as reinforcements for police is justified.	430
350	SIR R. LINDSAY Washington Tel. No. 217	May 17	Reports U.S. Govt.'s plan to withdraw a regiment from Shanghai in June.	431
351	SIR M. LAMPSON Peking Tel. No. 265	May 17	Refers to Nos. 342 and 343: expresses conviction of U.S. Minister and of himself that proposed Round Table Conference would be fundamental mistake and should be discouraged: trusts H.M.G. can talk it out of realm of practical politics.	431
352	MR. ROBERTS Foreign Office	May 17	Memo. on the situation in Canton and the positions of (a) General Chiang Kai-shek, (b) Cantonese politicians, such as Dr. Sun-fo, (c) Marshal Chen Chi-tang.	433
353	SIR R. LINDSAY Washington Tel. No. 220	May 18	Has been told by Secretary of State of Japanese proposal for a 5-Power Conference at Tokyo: summarizes Mr. Stimson's first reactions.	434

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
354 SIR F. LINDLEY Tokyo Tel. No. 235	May 18	Refers to No. 344: considers Salt Gabelle insufficiently important, and present situation unsuitable, for raising question of 9-Power Treaty: U.S. Chargé d'Affaires agrees: advantages of H.M.G. acting alone.	435
355 SIR M. LAMPSON Peking Tel. No. 266	May 18	Reports news, from China Inland Mission, of capture by Communists of Mr. H. F. Ferguson, a British missionary, and despatch of Vice-Consul Graham to Pengpu to get into touch.	436
356 SIR M. LAMPSON Peking Tel. No. 269	May 19	Refers to No. 344: reiterates arguments against protest over Salt Gabelle. <i>note</i> 5. Sir J. Simon agrees to drop the proposal.	436 437
357 SIR F. LINDLEY Tokyo No. 271	May 19	Refers to Nos. 347 and 348: gives fuller account of incidents of May 15 and discusses what were the real forces behind the outrages.	437
358 SIR F. LINDLEY Tokyo Tel. No. 236	May 20	Informs of arrival in Tokyo of Prince Saionji and of difficulties in forming new Cabinet.	440
359 SIR M. LAMPSON Peking Tel. No. 4 to Amoy	May 20	Refers to No. 349 and sends instructions: no landing of British forces in advance of actual danger to British lives and property can be authorized.	441
360 MR. BRENAN Shanghai Tel. No. 118 to Peking	May 20	Military Attaché's report, May 20: local Japanese reaction to withdrawal: progress of rendition of areas.	441
361 SIR R. LINDSAY Washington No. 843	May 20	Informs of plan, alleged to be under consideration by several Senators, for cession of British Honduras to Mexico as basis of bargain by which the U.S. would acquire S. California as payment for part remission of war debts. <i>Encl.</i> Despatch No. 68 of May 18 from Naval Attaché on prospects of war between U.S. and Japan, resultant U.S. desire to acquire further naval bases, and suggestion for the taking-over of certain French and British territories as part payment of war debts.	442 443
362 FOREIGN OFFICE	May 20	Memo. regarding the Soviet Union and Japan in relation to the Sino-Japanese dispute, and disposition of Soviet armed forces in Far East, April 1932.	445
363 SIR R. LINDSAY Washington Tel. No. 224	May 21	Informs of U.S. Govt.'s decision to retain Scouting Force in Pacific until October 1932, five months longer than originally planned.	448
364 To SIR M. LAMPSON Peking Tel. No. 94	May 21	Instructions relating to the classification and listing of claims arising from recent Sino-Japanese activities at Shanghai.	448
365 To LORD TYRRELL Paris No. 1080	May 23	Informs of conversation between Sir V. Wellesley and French Ambassador on proposed Round Table Conference at	449

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		Shanghai: French Govt. disposed to agree in principle but not to exclusion of Chinese.	
366 To SIR R. LINDSAY Washington No. 693	May 23	Informs of conversation with Mr. Mellon and Mr. Atherton, who read message giving Mr. Stimson's views on proposed Round Table Conference: alternative procedures discussed.	450
367 SIR E. OVEY Moscow No. 263	May 23	Comments on Soviet Govt.'s attitude towards Far East situation: considers they would go to great lengths to avoid being drawn into a quarrel with the Japanese.	452
368 SIR M. LAMPSON Peking Tel. No. 282	May 24	Questions whether British and foreign insurance companies have as yet any serious grounds of complaint against Manchurian authorities.	453
369 MR. INGRAM Peking Tel. No. 288	May 25	Repeats Shanghai telegram No. 125 of May 23 to Peking reporting agitation by Committee of British Residents' Association to secure conference to settle Shanghai questions including outside roads, demilitarized zone, and district court: attitude of British Chamber of Commerce: threat of anti-British boycott: considers undue importance need not be attached to agitation on either side.	454
370 MR. BRENNAN Shanghai Tel. No. 129 to Peking	May 25	Summarizes Military Attaché's report, May 24, on continued Japanese withdrawals and handing-back of territory.	455
371 MR. INGRAM Peking No. 600	May 25	Transmits copy of Newchwang despatch No. 39 of May 20 to Peking relating to banditry and piracy in the area, and alleged Japanese claim of complicity of Marshal Chang Hsueh-liang.	455
372 SIR F. LINDLEY Tokyo Tel. No. 240	May 26	Considers meeting of Round Table Conference improbable as Japanese Govt. will not discuss Manchuria with Shanghai, and Chinese Govt. unlikely to discuss Shanghai without Manchuria: uncertainty of future Japanese policy until cabinet formed.	457
373 SIR R. LINDSAY Washington Tel. No. 234	May 26	Refers to No. 344: enquires how soon he can expect instructions.	457
374 SIR F. LINDLEY Tokyo No. 278	May 26	Submits appreciation of events which culminated in murder of Prime Minister and other outrages on May 15 and outlines subsequent developments: touches on international repercussions of Japan's internal political crisis.	458
375 MR. MACKILLOP Foreign Office	May 26	Record of conversation with Chinese Chargé d'Affaires who expressed admiration of and gratitude for Sir M. Lampson's good offices in recent Shanghai negotiations: H.M.G.'s attitude towards projected Round Table Conference explained.	463

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
376 SIR F. LINDLEY Tokyo Tel. No. 242	May 27	States that Japanese loan to Manchuria (cf. No. 217) was made privately. <i>note 3.</i> Tokyo telegram No. 244 of May 28 added that loan was made personally by heads of two families and not by banks.	463 463
377 SIR F. LINDLEY Tokyo Tel. No. 243	May 27	States view of U.S. Chargé d'Affaires, French Ambassador and himself that general conference under 9-Power Treaty at that time would be a hazardous enterprise unlikely to produce any useful result.	464
378 To SIR R. LINDSAY Washington Tel. No. 276	May 27	Refers to No. 373: states next step lies with U.S. Govt: no reply yet received to No. 301.	464
379 SIR F. LINDLEY Tokyo No. 282	May 27	Reports formation of cabinet by Admiral Viscount Saito who himself becomes M.F.A. temporarily: comments on character of new administration.	465
380 SIR F. LINDLEY Tokyo No. 284	May 27	Transmits enclosure below and comments on recent references by Mr. Yoshizawa to spread of communism in China. <i>Encl.</i> Memo. by Mr. Snow on conversations with Mr. Tani, chief of Asiatic Bureau of Japanese Foreign Office, on growth of communism in China, disillusionment as to future Japanese prospects in Manchuria, and hopes of Anglo-Japanese co-operation.	466 467
381 SIR F. LINDLEY Tokyo No. 285	May 28	Gives reasons for expecting revival (cf. Vol. IX, No. 115) of interest in the conclusion of a Soviet-Japanese non-aggression pact.	469
382 SIR F. LINDLEY Tokyo No. 286	May 28	Refers to meeting on May 13 (see No. 342) on proposed Round Table Conference: Japanese plan compromised by press leakage: later developments summarized: thinks proposed Shanghai conference should be kept separate from wider issues raised by 9-Power Treaty: considers best course is to wait on events.	470
383 MR. INGRAM Peking Tel. No. 301	May 29	Repeats Harbin telegram No. 64 from Sir M. Lampson relating to (a) press statement on imminent taking-over of Customs by Manchurian Govt., (b) Commissioner of Customs' intention to yield only to <i>force majeure</i> , (c) his own views on necessity of preserving integrity of Customs administration.	472
384 To SIR R. LINDSAY Washington No. 746	May 30	Informs of conversation with Mr. Mellon and Mr. Atherton on May 30 withdrawing from suggestion (cf. No. 301) for protest against disruption of Salt Gabelle administration.	473
385 To SIR R. LINDSAY Washington No. 754	May 30	Informs of further conversation with Mr. Mellon and Mr. Atherton on proposed Round Table Conference on Shanghai problems (cf. No. 366): summarizes agreement reached: deprecates inclusion of	474

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		Manchurian question in the discussion: prefers Japanese Govt. to be invited to carry on further conversations through diplomatic channels.	
386 To SIR F. LINDLEY Tokyo Tel. No. 94	May 31	Instructions to call attention of M.F.A. to reported smuggling into Manchuria from Dairen and Kwantung Leased Territory.	475
387 MR. BRENNAN Shanghai Tel. No. 136 to Peking	May 31	Transmits military report on completion of evacuation of army units from Shanghai area and progress made in restoration of other areas.	475
388 MR. BRENNAN Shanghai Tel. No. 137 to Peking	May 31	Informs of reactions to reports in No. 383 of Sir F. Maze who (a) considers integrity of Customs administration more important than revenue, (b) has explained his instructions to Commissioners in Manchuria and his plan in regard to local revenues, (c) suggests joint action by Ambassadors at Tokyo.	476
389 SIR F. LINDLEY Tokyo Tel. No. 245	June 1	Refers to No. 394 below: reports action taken and Mr. Arita's promise to do everything possible to protect British lives and property.	476
390 SIR F. LINDLEY Tokyo Tel. No. 247	June 1	Reports agreement between Soviet Russian and Manchurian Govts. for appointment of consuls.	477
391 SIR F. LINDLEY Tokyo Tel. No. 246	June 1	Refers to No. 388: informs of his appeal to Mr. Arita to do everything possible to maintain integrity of Customs administration.	477
392 MR. BRENNAN Shanghai Tel. No. 139 to Peking	June 1	Informs of Chinese military movements south of Soochow Creek and amicable settlement in Joint Commission of what threatened to be an awkward question.	478
393 To SIR F. LINDLEY Tokyo Tel. No. 95	June 2	Approves of action in No. 391: instructs to keep U.S., French and Italian colleagues informed.	478
394 MR. INGRAM Peking Tel. No. 313	June 2	Summarizes Mukden telegram No. 46 reporting demonstrations by Koreans at Lungchingtsun against Customs and Postal Commissioners: representations have been made.	479
395 MR. INGRAM Peking Tel. No. 314	June 3	Reports situation at Amoy: danger has receded: alleged occupation of Changchow by Govt. forces.	479
396 MR. INGRAM Peking Tel. No. 318	June 3	Repeats Shanghai telegram No. 135 of May 30 to Peking relating to preparation of claims against Japanese Govt: asks for instructions.	480
397 To LORD TYRRELL Paris Tel. No. 112 To SIR R. GRAHAM Rome Tel. No. 91	June 4	Refers to course of action agreed between Sir J. Simon and Mr. Mellon on May 30 (see No. 385) which had been explained to French and Italian Ambassadors in London: requests to be informed as to whether instructions have been sent to French and Italian Ambassadors at Tokyo.	481



NO. AND NAME	DATE	MAIN SUBJECT	PAGE
398 MR. INGRAM Peking Tel. No. 319	June 6	Repeats Harbin telegram No. 66 of June 4 to Peking reporting Manchurian Govt.'s intended appointment of Japanese Inspector-General of Customs for Manchuria, and Commissioner's intention not to recognize authority of this official.	481
399 SIR F. LINDLEY Tokyo Tel. No. 252	June 6	Informs of conversation with Mr. Arita after receipt of No. 398: definition of Japanese Govt.'s attitude awaits arrival of Count Uchida on June 12.	482
400 TO MR. INGRAM Peking Tel. No. 111	June 6	Refers to No. 253: instructs on reply to be given and estimated cost of suggested aviation mission to China.	482
401 MR. INGRAM Peking Tel. No. 321	June 7	Reports Lord Lytton's fears of Sino-Japanese clash at Shanhaikuan and suggestions for preventive action: Language Officer being sent to investigate situation.	483
402 MR. INGRAM Peking Tel. No. 322	June 7	Informs of conversation with Lord Lytton who indicated how Shanghai incident and subsequent problems would be treated in Commission's Report, and expressed anxiety lest Japanese received impression of Powers' desire 'to wriggle out of any round table conference'.	484
403 SIR F. LINDLEY Tokyo No. 303	June 7	Survey of deteriorating internal conditions in Manchuria: brigandage and insurgent Chinese troops: unsuitable Japanese personnel: friction between Manchukuo and Japanese Govts. over question of recognition: future role of Count Uchida.	485
404 SIR F. LINDLEY Tokyo Tel. No. 254	June 8	Reports growing pressure on Japanese Govt. to recognize Manchurian Govt.	487
405 SIR F. LINDLEY Tokyo Tel. No. 255	June 8	Reports interview of British, French, U.S. and Italian representatives with M.F.A. to explain attitude of their Govts. towards proposed conference at Tokyo (cf. Nos. 385 and 397): considers Japanese Govt. still determined on Round Table Conference at Shanghai and exclusion of Manchurian question from discussion there.	487
406 MR. INGRAM Peking Tel. No. 325	June 8	Reports on position of Customs in Manchuria: revenue, surplus to cost of collection, being held by banks at Antung, Newchwang, and Harbin in special suspense account, on orders of Manchurian authorities.	488
407 MR. INGRAM Peking Tel. No. 326	June 8	Repeats Shanghai telegram No. 141 of June 6 to Peking reporting that agreement on extra-settlement roads question was initialed on June 4 by representatives of Greater Shanghai City Govt. and International Municipal Council, subject to ratification by Nanking Govt. and Council: summarizes main terms.	489

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
408 MR. INGRAM Peking Tel. No. 327	June 8	Refers to No. 388: summarizes reports from Mukden and Harbin on Manchurian authorities' attitude towards Customs administration, and views of U.S. and French colleagues.	490
409 To SIR R. LINDSAY Washington No. 809	June 8	Informs of conversation with Mr. Atherton concerning Japan's responsibility for creation and control of Manchurian Govt: U.S. collected evidence to be examined.	490
410 BRITISH DELEGATE Geneva No. 168	June 8	Transmits copy of Sir E. Drummond's letter of June 6 to Mr. Cadogan, with the former's letter of the same date to M. Hymans, dealing with need for prolongation of period for submission of Lytton Report, and questions of procedure.	491
411 To MR. INGRAM Peking Tel. No. 113	June 9	Refers to Nos. 364 and 396, instructs further on preparation of Shanghai claims.	493
412 SIR F. LINDLEY Tokyo Tel. No. 257	June 10	Transmits Military Attaché's report on Japanese armed strength and dispositions in Manchuria.	494
413 MR. GARSTIN Harbin No. 42 to Peking	June 11	Report of present political situation in N. Manchuria: concludes that neither Soviet Russian nor Japanese Govt. will be stampeded into precipitate action by present press campaign and that former are anxious to avoid armed conflict with Japan at almost any cost.	495
414 MR. INGRAM Peking Tel. No. 335	June 13	Refers to request for report on extent to which boycott and anti-Japanese agitation have ceased in Shanghai: refers to Nos. 420 and 421 below.	501
415 SIR J. BRENAN Shanghai Tel. No. 147 to Peking	June 13	Refers to No. 392: reports Chinese authorities' decision to send troops via Shanghai-Nanking railway to Anhui for bandit suppression and Japanese contention of infringement of Art. 2 of Armistice Agreement: solution suggested by neutral delegates to Joint Commission.	502
416 JAPANESE CHARGÉ D'AFFAIRES London	June 13	Letter to Sir V. Wellesley contradicting reports relating to appointment of Japanese Inspector-General of Customs (cf. No. 398) and announcing Manchurian Govt.'s intention to establish a Central Customs office to supervise all customs matters.	503
417 MR. MACKILLOP Foreign Office	June 13	Record of conversation with Mr. Dooman, U.S. Embassy, on attitude of the two Govts. towards Sino-Japanese dispute: note on Salt Gabelle (see No. 384) awaited by U.S. Govt.	503
418 MR. INGRAM Peking Tel. No. 338	June 14	Repeats Shanghai telegram No. 144 of June 11 to Peking reporting Municipal Council's intention to cancel state of emergency as from 6 a.m. on June 13.	504

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
419 MR. INGRAM Peking Tel. No. 333	June 15	Has been told by Lord Lytton of Count Uchida's attitude that recognition of Manchurian State was the only solution to Manchurian problem.	505
420 MR. INGRAM Peking Tel. No. 336	June 15	Refers to No. 414: gives gist of Shanghai despatch No. 194 of May 19 to Peking reporting on the extent to which boycott and anti-Japanese agitation still existed at Shanghai.	505
421 MR. INGRAM Peking Tel. No. 337	June 15	Repeats Shanghai telegram No. 146 to Peking reporting decrease in anti-Japanese agitation during past month, and quoting Commercial Counsellor's statement on easing of boycott and steadily diminishing volume and strength of anti-Japanese propaganda.	506
422 SIR J. BRENAN Shanghai Tel. No. 151 to Peking	June 16	Repeats telegram received by Sir F. Maze from Dairen Commissioner of Customs informing him of receipt of instructions from Manchurian Ministry of Finance to remit Dairen Customs revenue to the Three Eastern Provinces Bank and of consequences which would follow disobedience. Nanking Govt.'s reply not yet decided on.	507
423 MR. INGRAM Peking Tel. No. 341	June 16	Message of June 13 from Mr. Holman relating to information received from official source of Chinese Govt.'s intention to offer to negotiate non-aggression pact with Soviet Govt: reasons for this development.	507
424 SIR J. BRENAN Shanghai Tel. No. 156 to Peking	June 17	Refers to No. 415: reports Chinese Govt.'s attitude towards suggested solution: satisfactory arrangements being made with Japanese for transport of troops subject to certain notifications.	508
425 SIR J. BRENAN Shanghai Tel. No. 157 to Peking	June 17	Refers to No. 387: reports on withdrawal of Japanese naval landing forces, and of British troops following the termination of the state of emergency.	508
426 MR. MACKILLOP Foreign Office	June 17	Record of conversation with Chinese Chargé d'Affaires on his Govt.'s attitude towards proposed Round Table Conference, and insistence on inclusion of discussion of Manchurian question.	509
427 SIR F. LINDLEY Tokyo Tel. No. 262	June 18	Reports statement by Foreign Office representative to Diet committee on June 6 on possibility that Japan will compensate certain foreigners in Shanghai for losses incurred during recent fighting.	509
428 BRITISH DELEGATE Geneva No. 179	June 19	Transmits record of Sir E. Drummond's interview with Dr. Yen concerning proposed prolongation of 6-months period for submission of Lytton Report (cf. No. 410): Chinese Govt.'s anxiety about possible Japanese recognition of Manchurian Govt. and taking over of Customs by that Govt.	510

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
429	MR. INGRAM Peking Tel. No. 352	June 20	Reports conversation with Chinese Minister of Finance following refusal of Bank of China and Yokohama Specie Bank at Dairen to remit funds to Shanghai: effect on foreign bondholders and Chinese financial position. <i>note 3.</i> Chinese Ministry of Finance's statement that Customs revenues could not be allocated as security for loans on Tientsin-Pukow railway, reported in Mr. Ingram's telegram No. 365 of June 23.	511 511
430	MR. INGRAM Peking Tel. No. 353	June 20	Reports general conversation with Minister of Finance who spoke optimistically of situation of Nanking Govt., but pessimistically as regards Manchurian problem.	512
431	MR. INGRAM Peking Tel. No. 354	June 20	Refers to No. 423: M.F.A. informed Mr. Holman of Chinese Govt.'s decision in principle to resume relations with Soviet Russia but that no step yet taken to implement decision.	513
432	MR. INGRAM Peking Tel. No. 355	June 20	Refers to No. 429: reports conversation with Mr. Yano, who suggested British, U.S., French, and Japanese co-operation in persuading Chinese Govt. to make Customs agreement with Manchurian Govt., i.e. latter to retain surplus Customs revenues including those of Dairen in return for promise to maintain integrity of Customs administration.	514
433	MR. INGRAM Peking No. 717	June 20	Comments on fantastic suggestion of an international police force under League of Nations auspices for China: makes alternative suggestion but emphasizes underlying economic problems in any reorganization scheme.	515
434	MR. EASTES Mukden No. 84	June 20	Transmits copy of his despatch No. 84 of June 20 to Peking relating to offensive attitude of Japanese gendarmerie towards officials of Chinese Postal Administration: refers to reported murder of Father Rapp: suggests reason for strain on Japanese military personnel.	516
435	SIR F. LINDLEY Tokyo Tel. No. 263	June 21	Refers to No. 432: comments favourably on Japanese proposal: will be seeing Vice-M.F.A. on 22nd.	518
436	TO MR. ATHERTON U.S. Embassy London	June 21	Note from Sir J. Simon referring to No. 437 below and explaining delay in its despatch.	519
437	TO MR. MELLON U.S. Embassy London	June 21	Refers to No. 384: outlines previous Anglo-U.S. communications concerning protests to Japanese Govt: explains objections to own suggestion in No. 301: points out advantages of deferring any representation until Lytton Report available.	519

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
438 Mr. INGRAM Peking Tel. No. 356	June 22	Compares Japanese suggestion in No. 432 with compromise Customs arrangements favoured by Sir F. Maze: advises against joint action with Japan but asks permission to make further private representations to Chinese Govt. to prevent break-up of Customs administration.	521
439 SIR F. LINDLEY Tokyo Tel. No. 264	June 22	Refers to No. 435: reports conversation with Vice-M.F.A. who promised to use his influence to restrain Manchurian Govt. from taking precipitate action in connexion with Customs.	523
440 To MR. INGRAM Peking Tel. No. 119	June 22	Instructions to obtain confirmation of statement in No. 429: Sir F. Maze has reported curtailment of funds following Manchurian authorities' restrictions (cf. No. 406): requests full report on present position.	524
441 SIR F. LINDLEY Tokyo Tel. No. 265	June 22	Refers to No. 443 below: considers desire for postponement of Lytton Commission's visit due to Prime Minister's unwillingness to deal with question until installation of Count Uchida as M.F.A.	524
442 To SIR F. LINDLEY Tokyo Tel. No. 100	June 22	Informs of message delivered by Chinese Chargé d'Affaires on June 17 protesting against Japanese action in Manchuria and enquiring about possibility of joint warning against recognition of Manchurian govt: also of message from Lytton Commission to Sir E. Drummond to same effect: he should report fully on Japanese Govt.'s intentions and stress their obligations under 9-Power Treaty.	525
443 MR. INGRAM Peking Tel. No. 358	June 22	Japanese Govt. unable to talk business with League Commission until July 7: Lord Lytton's Commission suspects manœuvre to give time for recognition of Manchurian state before Commission reaches Japan.	526
444 MR. INGRAM Peking Tel. No. 363	June 23	Repeats Newchwang telegram No. 10 of June 21 to Peking on Customs developments: all Customs revenues up to June 18 now paid into the three Eastern Provinces Bank: Chinese staff not to be withdrawn.	526
445 SIR F. LINDLEY Tokyo Tel. No. 266	June 23	Reports on conversation after receipt of No. 442 with Vice-M.F.A. who stated his personal view was that Japanese Govt. had no intention of recognizing Manchurian state before League Commission had left Japan but would have to pay attention to Diet resolution of June 14 in favour of recognition: text of resolution transmitted.	527
446 MR. INGRAM Peking Tel. No. 362	June 23	Refers to No. 438: summarizes letter of June 15 from Sir F. Maze who had suggested to Japanese Minister that Manchurian authorities might use Customs	527

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		funds held in suspense (see No. 406) instead of interfering with Dairen Customs revenue, which was roughly equivalent to the share of foreign loan and indemnity service which Manchurian Govt. had declared themselves ready to pay.	
447 Mr. INGRAM Peking Tel. No. 367	June 23	Suggestion for Customs compromise with Manchurian authorities conveyed to Minister of Finance, who will consult Inspector-General of Customs and colleagues.	528
448 SIR F. LINDLEY Tokyo No. 334	June 23	Comments on tone of Viscount Ishii's speech at dinner in honour of Mr. Grew, new U.S. Ambassador: reports conversation with Mr. Grew on unsatisfactory U.S.-Japanese relations.	529
449 To SIR E. DRUMMOND Geneva	June 23	Letter from Mr. Ronald giving Sir J. Simon's observations on enclosure, a copy of which had been sent to Mr. Stimson. <i>Encl.</i> Extract from letter of May 23 from Lord Lytton at Mukden to Lady Betty Balfour: Lord Lytton describes and comments on the situation in Japan, China, and Manchuria and its solution.	531
450 MR. INGRAM Peking Tel. No. 374	June 24	Summarizes telegram received from Ministry of Foreign Affairs on serious situation arising from Manchurian authorities' attitude towards Customs revenue (cf. Nos. 406 and 422), and requesting H.M.G. to make representations to Japanese Govt. under 9-Power Treaty engagements.	535
451 To MR. INGRAM Peking Tel. No. 121	June 24	Refers to Nos. 432 and 438: instructions on attitude to take towards Japanese proposal in No. 432, and on explanation of H.M.G.'s policy to be given to Chinese Govt.	536
452 SIR J. BRENNAN Shanghai Tel. No. 169 to Peking	June 24	Refers to No. 440: transmits statement by Sir F. Maze on present position of Customs funds in Manchuria and at Dairen where Mr. Fukumoto, Commissioner of Customs, had been dismissed for refusing, at instigation of Kwantung Govt., to instruct banks to remit Customs revenue to Shanghai.	537
453 MR. PATTESON Geneva Tel. No. 266 L.N.	June 24	Reports proceedings at meeting of Assembly Committee on Far Eastern question on June 24 to discuss prolongation of time limit for presentation of Lytton report (cf. No. 410).	538
454 SIR F. LINDLEY Tokyo No. 338	June 24	Informing of statements, alleged to have been made by General Araki at meeting of Supreme Military Council, on Japan being no longer bound by League resolutions or her own statements in connexion with Manchurian and Shanghai affairs: comments on publication of these statements.	539

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455 SIR F. LINDLEY Tokyo Tel. No. 269	June 25	Refers to No. 445: reports on conversation with Vice-M.F.A., who confirmed Govt.'s decision to recognize Manchurian state and expressed personal opinion that recognition would not be given before departure of Lytton Commission from Far East unless Japanese opinion provoked by League action.	540
456 SIR F. LINDLEY Tokyo Tel. No. 270	June 25	Refers to No. 455: gives reply of Vice-M.F.A. to his query as to how far information received in conversations could be used in answering parliamentary questions.	540
457 MR. INGRAM Peking Tel. No. 381	June 25	Reports that resolution passed by British Chamber of Commerce and British Residents' Association urging calling of Round Table Conference at Shanghai has been passed to Senior Consul and will probably be discussed in presence of Japanese colleagues.	541
458 MR. INGRAM Peking Tel. No. 383	June 25	Repeats Nanking telegram No. 252 of June 24 to Peking summarizing memo. from Chinese Ministry of Foreign Affairs stating Japanese Govt.'s intention to recognize Manchukuo Govt. and requesting H.M.G., as signatory of 9-Power Treaty, to take steps to prevent such action.	541
459 MR. INGRAM Peking Tel. No. 384	June 25	Informs that U.S. colleague has been instructed not to associate himself with pressure on Chinese Govt. to make arrangement with Japanese Govt. regarding Manchurian Customs (cf. No. 432).	542
460 MR. INGRAM Peking Tel. No. 386	June 25	Repeats Shanghai telegram No. 166 of June 22 to Peking informing of Customs proposal, similar to that in No. 432, made by Secretary of Japanese Legation to Sir F. Maze and the latter's reply.	542
461 SIR R. GRAHAM Rome No. 487	June 25	Reports request of Head of Far Eastern Department of Ministry of Foreign Affairs for H.M.G.'s views on questions of Manchurian Customs and foreign concessions in China.	543
462 SIR F. LINDLEY Tokyo	June 25	Letter to Sir V. Wellesley commenting on (a) expected Japanese recognition of Manchurian Govt., (b) suggested Customs arrangement, (c) press denunciation of U.S. disarmament proposals, (d) anti-Japanese feeling in U.S.	544
463 MR. INGRAM Peking Tel. No. 387	June 26	Gives figures of Dairen Customs revenue for 1931 (12 million Hk. Tls.) and of Manchurian quota for indemnities and foreign loans (11.5 million Hk. Tls.)	545
464 MR. INGRAM Peking Tel. No. 143 to Shanghai	June 26	Sends message to Minister of Finance concerning dismissal of Mr. Fukumoto and need to avoid any step which might further complicate situation.	545

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
465 MR. INGRAM Peking Tel. No. 388	June 27	Refers to Minister of Finance's message in No. 468 below: suggests action he would like taken by H.M. Ambassador at Tokyo.	546
466 MR. INGRAM Peking Tel. No. 389	June 27	Repeats Shanghai telegram No. 173 of June 26 to Peking reporting attitude of Sir F. Maze and of Minister of Finance to H.M.G.'s proposals relating to Customs compromise in No. 451: nomination of Mr. Kishimoto (Chief Secretary in Chinese Maritime Customs Inspectorate-General) as Customs Commissioner at Dairen.	547
467 MR. INGRAM Peking Tel. No. 390	June 27	Repeats Shanghai telegram No. 174 of June 26 to Peking transmitting message from Sir F. Maze to Mr. Ingram asking him to urge Japanese authorities to take no action in Dairen while Chinese Minister of Finance considers the Customs compromise.	547
468 MR. INGRAM Peking Tel. No. 391	June 27	Repeats Shanghai telegram No. 175 of June 26 to Peking containing reply to No. 447: if Dairen Customs revenue left intact for remittance to Sir F. Maze, Minister of Finance agrees not to withdraw Customs staff concerned if revenue forcibly seized in other Customs posts.	548
469 MR. INGRAM Peking Tel. No. 393	June 27	Refers to No. 451: reports discussion with Mr. Yano on alternative solutions of Dairen Customs question.	548
470 MR. INGRAM Peking Tel. No. 395	June 27	Repeats telegram from Harbin reporting surrounding of Customs house by Chinese and Russian police under Japanese direction and enquiries of Customs staff as to their allegiance to new govt.	549
471 MR. INGRAM Peking Tel. No. 396	June 27	Informs of reported handing over of Dairen Customs revenue to Manchurian Govt.	550
472 To SIR R. LINDSAY Washington Tel. No. 314	June 27	Refers to No. 474 below: suggests desirability of urgent U.S. representations, in collaboration with H.M.G., in Tokyo against Japanese interference in Dairen Customs question: instructions on explanations to be given to Mr. Stimson.	550
473 SIR F. LINDLEY Tokyo Tel. No. 273	June 27	Refers to No. 465: reports conversation with Vice-M.F.A. concerning Dairen Customs question, need to secure cancellation of Mr. Fukumoto's dismissal, and reinstatement of Japanese Customs officials in Chinese Customs administration.	551
474 To SIR F. LINDLEY Tokyo Tel. No. 102	June 27	Refers to No. 452: instructions on representations to make to Japanese Govt. with regard to the position at Dairen.	551
475 MR. INGRAM Peking Tel. No. 394	June 27	Reports unsettled though not threatening conditions at Lunchingsun and Hunchun: Japanese authorities' refusal to take further action in investigating Father Rapp's murder (cf. No. 434).	552



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476 SIR J. BRENNAN Shanghai Tel. No. 177 to Peking	June 27	Refers to No. 424: reports use of Shanghai-Nanking railway by Chinese troops without required notification and possibility that Japanese will raise matter with Joint Commission as breach of agreement.	553
477 MR. INGRAM Peking Tel. No. 399	June 28	Repeats Canton telegram No. 55 of June 27 to Peking reporting bombing of H.M.S. <i>Moorhen</i> by Canton aeroplanes, representations made and Marshal Chen's reply.	553
478 SIR F. LINDLEY Tokyo Tel. No. 274	June 28	Refers to No. 474: reports action taken and Vice-M.F.A.'s promise to try to effect satisfactory arrangement in connexion with Dairen Customs.	554
479 SIR F. LINDLEY Tokyo Tel. No. 275	June 28	Refers to No. 478 and possibility of saving integrity of Customs administration in Leased Territory for a time: sees no hope of preventing setting up of separate Customs administration in rest of Manchuria.	554
480 MR. INGRAM Peking Tel. No. 405	June 28	Repeats Harbin telegram No. 69 of June 27 to Peking reporting the taking over of Customs house by Manchurian Govt.	554
481 SIR R. LINDSAY Washington Tel. No. 282	June 28	Refers to No. 472: informs of Mr. Stimson's agreement to proposal although representations to Japanese Govt. on broader basis of principles involved would perhaps have been preferred.	555
482 SIR F. LINDLEY Tokyo Tel. No. 277	June 28	Reports Mr. Shiratori's statement to press relating to Japanese Govt.'s recognition of Manchurian Govt. and stationing of troops in Manchuria for 10 years.	555
483 MR. INGRAM Peking Tel. No. 404	June 28	Repeats Newchwang telegram No. 11 of June 27 to Peking reporting that the Customs house was being taken over by Japanese adviser and police and that reason for action seemed to be Mr. Fukumoto's dismissal.	556
484 MR. INGRAM Peking Tel. No. 408	June 28	Refers to No. 471: informs of report that Mr. Fukumoto has taken charge of Dairen Customs on behalf of Manchurian Govt. and will continue efforts towards compromise with Chinese Govt: Sir F. Maze's instructions awaited by British and Chinese staff.	556
485 SIR F. LINDLEY Tokyo Tel. No. 279	June 29	Reports conversation with Vice-M.F.A. who explained advice given by Japanese official in Dairen Customs question, gave assurance of Govt.'s intention relating to treaty obligations and informed of instructions sent to Shanghai to attempt to reach amicable arrangement with Sir F. Maze on basis of reinstatement of Mr. Fukumoto.	557
486 To MR. INGRAM Peking Tel. No. 126	June 29	Instructions on attitude to take towards China's default in payment of loans on Tientsin-Pukow railway (see No. 429, note 3).	557

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487	MR. INGRAM Peking Tel. No. 409	June 29	Refers to No. 459: French and Italian Ministers advocating Customs compromise informally and privately.	558
488	MR. INGRAM Peking Tel. No. 416	June 30	Refers to Nos. 473 and 485: reports conversation with Japanese Chargé d'Affaires on Dairen Customs situation, possibility of revoking Mr. Fukumoto's dismissal, Japanese objections to Mr. Kishimoto's removal from Chief Secretaryship (see No. 466): considers Japanese Govt. might accept compromise if Fukumoto incident settled.	558
489	MR. INGRAM Peking Tel. No. 418	June 30	Message for Sir V. Wellesley enquiring whether he should go to Shanghai and how far he should become involved in questions raised in No. 488.	559
490	MR. INGRAM Peking Tel. No. 415	June 30	Refers to No. 484: reports on situation at Dairen: Sir F. Maze's instructions to British and Chinese staff.	560
491	SIR E. OVEY Moscow Tel. No. 87	July 1	Summarizes Tass communiqué announcing Soviet-Chinese exchange of views on June 29 regarding resumption of relations and conclusion of non-aggression pact.	560
492	MR. PATTESON Geneva Tel. No. 272 L.N.	July 1	Informs of agreement of Special Assembly to prolong period allowed for consideration of Manchurian question, and to invite Turkey to join the League.	561
493	MR. INGRAM Peking Tel. No. 421	July 2	Repeats Harbin telegram No. 70 of June 29 to Peking referring to No. 480, informing of Commissioner of Customs' explanation of position to Consular body on June 28, and his receipt of authorization from Sir F. Maze to instruct his staff to carry on temporarily.	561
494	MR. INGRAM Peking Tel. No. 422	July 2	Repeats Shanghai telegram No. 183 of June 30 to Peking containing Sir F. Maze's comments on No. 473 and solution of Fukumoto incident he would be prepared to recommend to Minister of Finance.	562
495	MR. INGRAM Peking Tel. No. 428	July 2	Repeats Mukden telegram No. 55 of June 28 to Peking relating to threatened take-over by force of Lungchingsun Customs house, and of the taking-over of Antung Customs house on June 28.	563
496	TO MR. INGRAM Peking Tel. No. 129	July 2	Sir V. Wellesley's reply to No. 489: undesirable to become involved in actual negotiations: movements left to own discretion.	563
497	MR. INGRAM Peking Tel. No. 423	July 2	Lord Lytton's request for H.M.G.'s permission for certain Foreign Office papers to be shown to Dutch and German experts working on the Lytton Report.	563
498	MR. INGRAM Peking Tel. No. 425	July 2	Refers to No. 488: indicates his intention not to refer to earlier undertakings concerning Japanese claim to chief secretaryship of Maritime Customs but to express	564

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		appreciation of reasonableness of Japanese attitude.	
499 MR. INGRAM Peking Tel. No. 426	July 2	Transmits information from H.M. Consul-General at Mukden concerning (a) German colleague's unsuccessful investigation into Father Rapp's murder, (b) probable-withdrawal from Lungchingsun of Commissioner of Customs and other British subjects: suggests Japanese Govt. be asked to ensure their freedom from molestation.	564
500 SIR F. LINDLEY Tokyo No. 351	July 2	Refers to estimated Japanese air strength in No. 270: suggests much higher figure.	565
501 MR. INGRAM Peking Tel. No. 429	July 3	Repeats Shanghai telegram No. 187 of July 1 to Peking reporting Sir J. Brennan's conversation with (a) Sir F. Maze who gave his views on suggested modification of Mr. Fukumoto's dismissal, (b) Minister of Finance who expressed fears of break-up of Customs administration and his inability to meet foreign loans service.	565
502 MR. INGRAM Peking Tel. No. 430	July 3	Reports conversation with Mr. Yano on (a) Customs situation and desirability of direct Sino-Japanese discussion, (b) his own position with regard to negotiations, (c) question of chief secretaryship of Customs administration.	567
503 SIR F. LINDLEY Tokyo Tel. No. 287	July 3	Refers to No. 499: informs of instructions to local Japanese consular and police authorities to give full protection to British subjects at Lungchingsun.	568
504 MR. INGRAM Peking Tel. No. 434	July 3	Considers there would be no objection to suggested withdrawal of one battalion from Shanghai in September: suggests its addition to Hong Kong garrison.	568
505 MR. INGRAM Peking Tel. No. 435	July 4	Refers to No. 502: discusses possible bases of settlement of Dairen Customs question and Fukumoto incident.	568
506 MR. INGRAM Peking Tel. No. 439	July 4	Transmits message from Sir F. Maze referring to No. 468 and urging acceptance of plan agreed by Minister of Finance, giving reasons.	570
507 MR. INGRAM Peking Tel. No. 440	July 4	Reports informal conversation with Japanese colleague on Manchurian Govt.'s high-handed methods in dealing with Chinese Customs and possible Japanese action.	570
508 MR. INGRAM Peking No. 799	July 4	Transmits and comments on enclosure which deals with magnitude and difficulty of Japanese task in N. Manchuria, relations between Japanese Govt. and Manchurian administration, and future of Manchuria.	571
		<i>Encl.</i> Report of June 12 by Mr. R. H. Scott on recent visit to N. Manchuria.	572

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<b>509</b> MR. INGRAM Peking Tel. No. 443	July 5	Refers to No. 451: reports M.F.A.'s attitude to be against any compromise.	580
<b>510</b> MR. INGRAM Peking Tel. No. 447	July 6	Repeats Shanghai telegram No. 189 of July 4 to Peking referring to No. 501 and reporting interview with representative of Minister of Finance: Chinese Govt. is willing, subject to various reservations, to meet wishes of Japanese authorities over Dairen Customs: appeals for H.M.G.'s support in maintenance of Sir F. Maze's authority in Manchuria.	580
<b>511</b> SIR F. LINDLEY Tokyo Tel. No. 290	July 6	Reports conversation with Vice-M.F.A. on Japanese policy in Manchuria: has suggested expediency of more accommodating attitude: Vice-M.F.A. to report his views to Count Uchida who was being installed as M.F.A. on July 6.	581
<b>512</b> SIR F. LINDLEY Tokyo Tel. No. 292	July 6	Refers to Nos. 455 and 456: reports bitter press attack on Vice-M.F.A. for assuring him that Manchurian Govt. would not be recognized while League Commission in Far East.	582
<b>513</b> SIR F. LINDLEY Tokyo Tel. No. 291	July 6	Refers to No. 511: explains attitude he took was based on conversation with Lord Lytton on July 5 and desire to reach new M.F.A. before he made any public pronouncement.	583
<b>514</b> MR. INGRAM Peking Tel. No. 442	July 6	Refers to No. 431: Vice-M.F.A. has informed Mr. Holman of informal conversations between Chinese and Soviet representatives in Moscow.	583
<b>515</b> TO MR. INGRAM Peking Tel. No. 134	July 7	Sends further details of personnel and cost of suggested British aviation mission to China (cf. No. 400).	584
<b>516</b> MR. INGRAM Peking Tel. No. 451	July 7	Refers to instructions recently received relating to avoidance of recognition of govts. not formally recognized by H.M.G., and enquires how far they apply to consular officers in Manchuria.	584
<b>517</b> MR. INGRAM Peking Tel. No. 452	July 7	Repeats Shanghai telegram No. 191 of July 6 to Peking relating to imposition of retaliatory Customs duties in China on goods destined for Dairen.	585
<b>518</b> TO MR. INGRAM Peking No. 587	July 7	Informs of conversation with Chinese Chargé d'Affaires on June 28 in light of request in No. 458: hasty action deprecated: danger of putting pressure on Japanese Govt. at this stage explained.	585
<b>519</b> MR. EASTES Mukden No. 99 to Peking	July 7	Reports short conversation with Mr. Ohashi of Manchurian Ministry of Foreign Affairs on his way from Dairen to Changchun: had declined to enter into discussion on Dairen Customs question.	586

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520	MR. INGRAM Peking Tel. No. 458	July 8	General appreciation of Customs situation in Manchuria: integrity of Customs administration lost: complexities of the Dairen Customs problem: reason for decision not to act as 'friendly neutral' in Japanese discussions with Sir F. Maze.	587
521	To MR. INGRAM Peking Tel. No. 136	July 9	H.M.G.'s reply to request in No. 497.	589
522	To MR. INGRAM Peking Tel. No. 139	July 12	Refers to No. 516: gives further explanations as to communications with Manchurian officials.	590
523	MR. INGRAM Peking Tel. No. 463	July 12	Refers to No. 457: informs of Japanese Chargé d'Affaires' comments on Resolution: discussion by corps diplomatique not suggested.	590
524	SIR F. LINDLEY Tokyo Tel. No. 297	July 13	Informs of M.F.A.'s reported statement to Lytton Commission that Japanese Govt. could not consider any solution except recognition of Manchukuo and that they did not intend to consult signatories of 9-Power Treaty regarding recognition.	590
525	To SIR F. LINDLEY Tokyo Tel. No. 109	July 13	Refers to No. 520: instructs on communication to make to Japanese Govt. on failure to maintain integrity of Customs administration, on recent developments detrimental to trade of all nations, and obligations under 9-Power Treaty to abstain from encouraging separatist movements in China.	591
526	MR. INGRAM Peking Tel. No. 466	July 13	Informs of, and comments on, report that French adviser to National Govt. is to draft appeal on danger of communism in China and its repercussions on foreign interests: reactions of French and U.S. colleagues.	591
527	MR. INGRAM Peking No. 870	July 13	Comments on memo. by Mr. S. F. Mayers, Chairman of the China Association, on subject of League of Nations' assistance to China to solve her internal difficulties: argues that stable govt. is only possible foundation on which administrative reorganization can be erected.	592

## CHAPTER V

Manchurian affairs including postal, salt, and customs administration and transfer of commercial insurances: suspected threat to Jehol province.

July 14-August 24, 1932

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
528	SIR F. LINDLEY Tokyo Tel. No. 298	July 14	Refers to No. 524: informs Lytton Commission leaving Peking July 15: considers Japanese attitude towards Manchuria remains one of opposition to any outside interference.	596

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529	MR. INGRAM Peking Tel. No. 468	July 14	Repeats Harbin telegram No. 73 of July 13 to Peking relating to demand for surrender of Customs archives by Manchurian Govt. authorities: asks for instructions.	596
530	MR. INGRAM Peking Tel. No. 28 to Harbin	July 15	Refers to No. 529: instructs on considerations to be put to Commissioner of Customs and manager of Hongkong and Shanghai Bank to forestall forcible measures by Manchurian authorities.	597
531	COMMANDER, TIENTSIN AREA Tel. No. 5102 to Hong Kong	July 15	Gist of conversation with a private secretary of ex-emperor Pu Yi on Japanese objectives in Manchuria, Pu Yi's position and future prospects.	597
532	SIR F. LINDLEY Tokyo No. 376	July 15	Reports conversation with Vice-M.F.A. concerning treatment by Manchurian authorities of Mr. Prettejohn, in charge of Customs at Harbin, and of other British subjects at Antung, and discrimination against foreigners in matter of commercial insurances.	598
533	SIR F. LINDLEY Tokyo No. 375	July 16	Detailed report on Lytton Commission's visit to Japan, July 5-15 (cf. Nos. 513, 524, 528).	600
534	MR. INGRAM Peking Tel. No. 478	July 18	Informs of Manchurian authorities' decision to issue new stamps on Aug. 1 in spite of non-recognition by International Postal Bureau: rupture with Chinese postal administration inevitable.	602
535	MR. GARSTIN Harbin Tel. No. 74 to Peking	July 18	Comments by Russian colleague on strained relations between Chinese Eastern Railway and Manchurian Govt: considers much more provocation required before outbreak of hostilities between Soviet Russia and Manchuria.	603
536	SIR J. BRENNAN Shanghai Tel. No. 194 to Peking	July 18	Refers to No. 425: reports completion of Japanese withdrawal in accordance with armistice agreement: dispute concerning maintenance of small detachment at Toyoda cotton mill.	603
537	MR. INGRAM Peking	July 18	Letter to Sir V. Wellesley enclosing letter from Mr. Ohashi relating to Manchurian Govt.'s attitude on Customs question: Mr. Stirling has sent anodyne reply.	604
538	MR. INGRAM Peking Tel. No. 479	July 19	Reports rumours of possibility of Japanese attack on Jehol: kidnapping of Japanese official (Mr. Ishimoto) and attack on Chinese troops near Chaoyang.	605
539	TO SIR F. LINDLEY Tokyo Tel. No. 111	July 19	Refers to Nos. 524 and 525: instructs to warn Japanese Govt. again of strong protest which will be justified if she treats 9-Power Treaty as non-existent.	606
540	MR. INGRAM Peking Tel. No. 480	July 19	Refers to No. 538: reports movement of Marshal Chang Hsueh-liang's troops towards southern boundary of Jehol: considers immediate object is to secure loyalty of General Tang Yu-lin rather than to attack Japanese.	606

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
541 SIR E. OVEY Moscow No. 390	July 19	Reports on size, disposition, and recent movements of Soviet armed forces in the Far East.	606
542 MR. INGRAM Peking No. 904	July 19	Formal covering despatch enclosing:— <i>Encl. 1</i> Chungking despatch No. 44 to Peking relating to regulations sent by General Tax Office to various British firms for signature which appeared to invade their extra-territorial rights. <i>Encl. 2</i> Mr. Ingram's despatch No. 17 to Chungking approving advice given: British firms should be discouraged from signing any such undertaking.	608 609
543 SIR F. LINDLEY Tokyo No. 384	July 20	Forwards detailed notes by Mr. Sansom as to course and effect of Chinese boycott of Japanese goods. <i>Encl. 1</i> Statistics of Japanese exports 1930-32: notes on Japanese reactions to the boycott. <i>Encl. 2</i> Japanese cotton industry and trade in 1931 and 1932.	610 611 613
544 SIR F. LINDLEY Tokyo Tel. No. 307	July 21	Reports exchange of views with M.F.A. on avoidance of Sino-Japanese clash in Jehol province.	615
545 SIR F. LINDLEY Tokyo No. 378	July 21	Reports interview with (a) M.F.A. on July 14 after receipt of No. 525, and Count Uchida's request that points be discussed first with Vice-M.F.A.: (b) Mr. Arita on July 15, (c) M.F.A. on July 21, who does not accept relevance of 9-Power Treaty to Japanese policy in Manchuria: forecasts withdrawal of Japanese delegates from Geneva when Manchurian question next raised: comments personally on new M.F.A.	615
546 MR. INGRAM Peking Tel. No. 488	July 22	Asks for instructions on attitude to take in dispute over control of gun-boats which had entered Hong Kong harbour following Marshal Chen Chi-tang's attempt to bring Cantonese navy and air force under his own direct control.	621
547 SIR F. LINDLEY Tokyo No. 387	July 22	Discusses importance of annual Conference of Prefectural Governors and summarizes speeches at current meetings in Tokyo dealing particularly with serious financial and economic conditions: Count Uchida promises eventual recognition of Manchukuo.	622
548 MR. ASHLEY CLARKE Geneva	July 23	Letter to Mr. Bowker enclosing copy of message received by Secretary-General from M. Haas of the Lytton Commission on Commission's discussions in Tokyo (cf. No. 533): early Japanese recognition of Manchurian Govt. considered unlikely.	624
549 MR. INGRAM Peking Tel. No. 496	July 24	Repeats Mukden telegram No. 60 of July 23 to Peking containing message from Captain Stables to Military Attaché on	625

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		situation in Jehol area (cf. No. 538): Mr. Ishimoto's release expected shortly: immediate large-scale Japanese advance into Jehol province considered unlikely.	
550 Mr. INGRAM Peking Tel. No. 495	July 24	Refers to 549: explains why present incident unlikely to lead to serious hostilities: instructions given to Chinese troops: military conference in progress at Peking.	626
551 Mr. INGRAM Peking Tel. No. 498	July 25	Refers to No. 534: informs of instructions by Director-General of Posts suspending all postal operations in three Eastern Provinces: views of H.M. Consul-General at Mukden thereon.	627
552 To Spanish Ambassador London	July 25	Note from Sir J. Simon in reply to Spanish Ambassador's enquiry as to H.M.G.'s contemplated action to maintain security of Chinese Govt.'s foreign loans: informs of present position: future action undecided pending clarification of situation.	627
553 To Mr. INGRAM Peking Tel. No. 150	July 26	Instructs to repeat No. 546 to Hong Kong: desires strong hint to be given to gunboats to leave Hong Kong waters.	628
554 Mr. INGRAM Peking Tel. No. 501	July 26	Repeats Shanghai telegram No. 197 of July 25 to Peking asking for H.M.G.'s advice as to whether Hongkong and Shanghai Bank should comply with Manchurian authorities' desire to open account with local branch at Harbin for Customs and Salt revenue earmarked for foreign obligations.	629
555 Mr. INGRAM Peking Tel. No. 502	July 26	Refers to No. 554: requests instructions: considers great caution needed.	629
556 SIR F. LINDLEY Tokyo Tel. No. 313	July 27	Transmits communication from 'Foreign Minister of Manchukuo' dated July 25 relating to arrangements being made to pay Manchuria's quota of foreign loan service of Chinese Customs.	629
557 To Mr. INGRAM Peking Tel. No. 153	July 28	Refers to No. 407: suggests approach to Chinese Govt. pointing out advantages of ratification of extra-settlement roads agreement.	631
558 Mr. INGRAM Peking Tel. No. 510	July 28	Chinese circles reported to be concerned over possible activities of Japanese Legation guard if Japanese penetrate south of Wall: U.S. Minister thinks question of neutralization of guard might become a live one.	631
559 Mr. INGRAM Peking Tel. No. 512	July 28	Refers to No. 523: summarizes U.S. colleague's statement of reasons why U.S. Govt. does not favour idea of Round Table Conference as regards Shanghai: U.S. Minister asks for H.M.G.'s view on prolongation of Chinese Courts Agreement of Feb. 1930.	631



	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
560	CHINESE CHARGÉ D'AFFAIRES London	n.d.	Communicates translation of telegram of July 28 from Chinese Ministry of Foreign Affairs informing of Japanese Govt.'s decision to appoint Ambassador to 'so-called Manchukuo' who would also be C.-in-C. and Governor-General of Kwangtung and commenting on significance of decision.	632
561	To MR. INGRAM Peking Tel. No. 154	July 29	Refers to No. 555: bank alone can decide whether custody of funds will antagonise Chinese: emphasizes need for caution and consultation.	632
562	MR. CLARKE Mukden No. 115 to Peking	July 29	Reports on steps being taken by Manchurian Govt. to surround itself with cordon of foreign advisers.	633
563	To SIR F. LINDLEY Tokyo Tel. No. 114	July 30	Refers to further transfers of commercial insurances in Manchuria from British firms to Japanese rivals: instructions to make representations on lines of No. 240.	634
564	To SIR F. LINDLEY Tokyo Tel. No. 115	July 30	Refers to No. 563: no direct reference should be made in representations to Japanese Govt. to Bank of Manchuria or Commercial Union Assurance Co.	635
565	To MR. INGRAM Peking Tel. No. 157	July 30	Informs that H.M.G.'s views on Shanghai Round Table Conference agree generally with those of State Dept. in No. 559: but attitude towards renewal of Court Agreement not yet decided.	635
566	MR. INGRAM Peking Tel. No. 516	July 30	Refers to No. 364: raises further queries on categories of claims to be submitted and suggests discussion with Japanese Govt.	635
567	SIR F. LINDLEY Tokyo No. 397	July 31	Informs of, and comments on, appointment of Count Hayashi to be President of S. Manchuria Railway.	636
568	MR. INGRAM Peking Tel. No. 517	Aug. 1	Refers to No. 550 reporting Japanese Chief of Staff's denial of hostile intentions against Jehol, Tientsin, or Peking: discusses position of Young Marshal and General Tang Yu-lin.	638
569	MR. INGRAM Peking Tel. No. 519	Aug. 1	Refers to No. 557: considers it would be inadvisable to approach Chinese over draft extra-settlement roads agreement at this stage: outlines proposed procedure.	639
570	SIR F. LINDLEY Tokyo No. 413	Aug. 1	Informs of discussions reported to be taking place in Japanese Govt. relating to changes in administration of Manchuria and appointment of Japanese Ambassador on Special Mission.	639
571	MR. INGRAM Peking No. 965	Aug. 1	Reports renewed outbreak of Chinese-Tibetan dispute in Hsikang area: summarizes elements in the dispute and gives résumé of events since the end of 1930.	641
572	MR. INGRAM Peking No. 1068	Aug. 1	Narrates activities of League of Nations Commission of Enquiry from date of leaving Peking for Manchuria to time of departure from Tokyo, Apr. 19-June 28.	646

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
<b>573</b> SIR F. LINDLEY Tokyo Tel. No. 315	Aug. 2	Comments on No. 566: agrees on futility of preparing claims which H.M.G. not prepared to press and which Japanese Govt. will refuse.	650
<b>574</b> SIR F. LINDLEY Tokyo Tel. No. 316	Aug. 2	Presents memo. in accordance with instructions in Nos. 563 and 564: Vice-M.F.A. deplores reported discrimination against British firms but denies breach of treaty rights by Japanese Govt.	650
<b>575</b> SIR F. LINDLEY Tokyo Tel. No. 318	Aug. 2	Refers to No. 568: considers Japanese wish to avoid complication in Jehol area for the present.	651
<b>576</b> SIR F. LINDLEY Tokyo Tel. No. 319	Aug. 2	Reports that General Muto will shortly be appointed Chief of all Japanese administration in Manchuria: his titles and functions.	651
<b>577</b> MR. INGRAM Peking Tel. No. 525	Aug. 2	Repeats Shanghai telegram No. 201 to Peking relating to fall in July receipts of Customs revenues owing to seizure of Manchurian Customs, and action taken by Minister of Finance to cover Customs commitments.	652
<b>578</b> MR. INGRAM Peking Tel. No. 527	Aug. 2	Refers to No. 565: press reports indicate possible revision of Shanghai Court Agreement by Ministry of Justice: agrees with U.S. Minister that extension of present Agreement would be wisest course: awaits further instructions.	653
<b>579</b> To MR. INGRAM Peking No. 678	Aug. 2	Refers to No. 345: further instructions on diplomatic protection for British business houses in China.	654
<b>580</b> MR. INGRAM Peking No. 972	Aug. 2	Transmits copy of Sir F. Maze's detailed memo. of July 21 on the seizure of the Chinese Maritime Customs establishment in Manchuria.	655
<b>581</b> SIR F. LINDLEY Tokyo	Aug. 2	Letter to Sir V. Wellealey suggesting uselessness of referring to 9-Power Treaty in connexion with transfer of commercial insurances (cf. No. 563): suggests appeals under Open Door policy.	661
<b>582</b> MR. INGRAM Peking Tel. No. 529	Aug. 3	Reports meeting of diplomatic colleagues to discuss problem arising from possibility of Sino-Japanese military action involving status of Japanese Legation guard (cf. No. 558): decision to send suggestions to respective Govts. (cf. No. 583).	662
<b>583</b> MR. INGRAM Peking Tel. No. 530	Aug. 3	Agreed suggestions (see No. 582) on action to be taken if and when Sino-Japanese military activities extend south of Wall.	662
<b>584</b> MR. INGRAM Peking Tel. No. 531	Aug. 3	Refers to No. 583: explains why action considered necessary: requests instructions: thinks Japanese will never be induced to withdraw their guard.	663
<b>585</b> To MR. INGRAM Peking Tel. No. 164	Aug. 4	Refers to No. 566: explains why instructions in No. 411 should not be amended.	663

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
586	SIR F. LINDLEY Tokyo Tel. No. 322	Aug. 4	Refers to Nos. 575 and 576: reports statements by Vice-Minister of War as to circumstances which could lead to Japanese military action in Jehol province and threat to communications with Peking.	664
587	MR. INGRAM Peking Tel. No. 536	Aug. 4	Repeats Shanghai telegram No. 202 of Aug. 2 to Peking referring to No. 577: informs of Sir F. Maze's acknowledgement of 850,000 taels from Manchuria as Customs receipt from Dairen.	664
588	MR. INGRAM Peking Tel. No. 540	Aug. 8	Reports and comments on Mr. Wang Ching-wei's resignation from presidency of Executive Yuan and his suggestion to Marshal Chang Hsueh-liang that he too should resign owing to his failure to resist Japanese aggression.	664
589	MR. INGRAM Peking Tel. No. 541	Aug. 8	Summarizes report from Captain Stables at Harbin on limited objectives of Japanese military in Manchuria: eradication of bandit menace not considered possible without elimination of Young Marshal's influence: gives own views on next move by military forces.	666
590	MR. INGRAM Peking Tel. No. 544	Aug. 9	Repeats Shanghai telegram No. 210 of Aug. 9 to Peking: Mr. T. V. Soong reticent over government crisis: alleged revolt against General Chiang Kai-shek's military dictatorship.	666
591	MR. INGRAM Peking Tel. No. 545	Aug. 9	Repeats Shanghai telegram No. 204 to Peking: Japanese making difficulties with regard to draft agreement on extra-settlement roads (cf. No. 407): procedure agreed with U.S. Consul as attempt to secure its conclusion by Municipal Council.	667
592	SIR F. LINDLEY Chuzenji No. 421	Aug. 9	Regrets that owing to the non-receipt of despatch No. 13 of July 16 from Commercial Secretary at Harbin to Peking his representations, reported in No. 574, were based on a misunderstanding: has apologized to Vice-M.F.A.	668
593	TO MR. INGRAM Peking Tel. No. 166	Aug. 10	Refers to Nos. 582-4: agrees with desirability of joint representations at Tokyo and Nanking in accordance with suggestions in No. 583, but regards request for withdrawal of Japanese guard as out of the question.	669
594	TO LORD TYRELL Paris Tel. No. 127 Saving TO SIR R. GRAHAM Rome Tel. No. 129 TO MR. OSBORNE Washington Tel. No. 397	Aug. 10	Refers to Nos. 582-4 and 593: instructs to ascertain whether Govt. to which accredited will join in representations to Chinese and Japanese Govts. to respect diplomatic immunity of Legation quarter in Peking.	669

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
<b>595</b> MR. INGRAM Peking Tel. No. 551	Aug. 10	Refers to No. 591: suggests question of extra-settlement roads agreement be left to Sir J. Brenan and U.S. Consul-General to handle.	670
<b>596</b> MR. INGRAM Peking Tel. No. 552	Aug. 10	Reports whole Govt. have tendered resignations but continue in office pending reorganization: struggle is between military dictatorship under General Chiang Kai-shek and civil govt. of Kuomintang politicians.	670
<b>597</b> MR. INGRAM Peking Tel. No. 550	Aug. 10	Refers to No. 599: reports conversation of U.S. Minister on Aug. 5 with Dr. Koo, who suggested neutralization of Peking-Tientsin area.	671
<b>598</b> MR. INGRAM Peking Tel. No. 549	Aug. 10	Refers to No. 599: considers Japanese would refuse to accept proposal to confine their guard to Legation quarter: advises against representations to Japanese until they take military action south of Wall.	671
<b>599</b> MR. INGRAM Peking Tel. No. 547	Aug. 11	U.S. Minister has informed colleagues of State Dept.'s suggestion for restricting area of operation of Japanese Legation guards in event of hostilities: also reports U.S. Minister's proposals for representations about Japanese guards to be made in advance of hostilities.	672
<b>600</b> MR. OSBORNE Washington Tel. No. 340	Aug. 11	Reports U.S. Govt. in favour of action recommended in No. 594 relating to Legation quarter at Peking: U.S. Govt. might favour plan for neutralization of whole city.	673
<b>601</b> MR. INGRAM Peking Tel. No. 555	Aug. 11	Reports attitude of Chinese Govt. towards handing-over of gunboats at Hong Kong (cf. No. 553).	673
<b>602</b> MR. INGRAM Peking Tel. No. 558	Aug. 11	Reports on political situation: impossible to predict outcome of present crisis.	673
<b>603</b> LORD TYRRELL Paris Tel. No. 115 Saving	Aug. 11	Refers to No. 594: French Govt. agree in principle to action suggested, but prefer to await events before committing themselves.	674
<b>604</b> MR. INGRAM Peking No. 164 to Tokyo	Aug. 11	Encloses, for Sir F. Lindley's information in connexion with proposed Round Table Conference, a memo. on recent developments in the extra-settlement roads question at Shanghai.	675
<b>605</b> MR. BOWKER Foreign Office	Aug. 11	Memo. on supply of arms to Tibet: suggests attitude for Mr. Ingram to take when replying to Chinese Govt. on this question.	677
<b>606</b> MR. INGRAM Peking Tel. No. 562	Aug. 13	Gives own views on suggested diplomatic representations to Chinese Govt. to prevent further fighting on Tibetan frontier.	678
<b>607</b> MR. INGRAM Peking Tel. No. 565	Aug. 13	Informs of reported acceptance of Marshal Chang Hsueh-liang's resignation: Northern Military Council to take over his troops: no fresh political developments.	679

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
608	MR. STRANG Moscow No. 445	Aug. 15	Reports signature in Moscow on Aug. 13 of a Soviet-Japanese fisheries agreement.	680
609	SIR F. LINDLEY Tokyo No. 427	Aug. 15	Informs of Govt.'s report of signature at Moscow on Aug. 13 of provisional fisheries agreement between U.S.S.R. and Japan to tide over interval to 1936 when Fishery Convention of 1928 due for revision: Japanese Govt.'s satisfaction with agreement.	681
610	MR. INGRAM Peking No. 1048	Aug. 15	Refers to No. 515: informs of later developments: gives reasons for considering that nothing will now come of proposal for British aviation mission.	681
611	MR. INGRAM Peking No. 1050	Aug. 16	Comments on significance of recent events on Jehol frontier and sudden subsidence of short-lived scare: discusses general political and strategic importance of Jehol: suggests Japanese may regard removal of Marshal Chang Hsueh-liang as conciliatory move but not as fundamental change in situation.	682
612	MR. INGRAM Peking	Aug. 16	Record of conversation on Aug. 16 with Mr. Nakayama of Japanese Legation on situation arising from Marshal Chang Hsueh-liang's resignation.	687
613	TO MR. INGRAM Peking Tel. No. 173	Aug. 17	Refers to No. 606: instructions on communication to make to Chinese Govt. relating to supply of arms for Tibet and H.M.G.'s desire to offer good offices with view to securing Sino-Tibetan armistice: H.M. Consul-General at Chungking should report fully.	688
614	TO MR. INGRAM Peking Tel. No. 174	Aug. 17	Refers to No. 593: informs of U.S. and Italian Govts.' readiness to join in local representations concerning Japanese Legation guard, and French Govt.'s agreement in principle (cf. No. 603).	689
615	MR. INGRAM Peking No. 1060	Aug. 17	Detailed examination of communist-bandit activities, mainly in Central China.	689
616	MR. MACKILLOP Foreign Office	Aug. 17	Record of conversation with Counsellor of Chinese Legation informing him of H.M.G.'s attitude towards Sino-Tibetan situation.	698
617	SIR F. LINDLEY Tokyo No. 428	Aug. 18	Asks for information relating to alleged agreement by H.M.G. to three points in Japanese Note of Dec. 1, 1923, referred to by Count Uchida (see encl.). <i>Encl.</i> Note No. 110 of Aug. 11 from Count Uchida to Sir F. Lindley concerning H.M.G.'s proposed despatch of additional moveable armament to Hong Kong and referring to Japanese Govt.'s point of view as set out in Note No. 143 of Dec. 1, 1923.	699 700

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
618 SIR F. LINDLEY Chuzenji No. 429	Aug. 18	Considers Soviet-Japanese fishery agreement (cf. No. 609) may be first step towards signature of non-aggression pact.	702
619 SIR F. LINDLEY Chuzenji No. 430	Aug. 18	Reports (a) Japanese press hostility to Mr. Stimson's speech of Aug. 7 containing references to Kellogg Pact and Japanese aggression in Manchuria, (b) Ministry of Foreign Affairs' views and apparent anxiety to soften public opinion.	702
620 MR. INGRAM Peking No. 1074	Aug. 19	Refers to completion of main work of Joint Commission established under Sino-Japanese agreement of May 5, 1932: comments on its future position and remaining function.	704
621 MR. INGRAM Peking Tel. No. 580	Aug. 22	Informs of position relating to Shanghai extra-settlement roads agreement, which had been referred to Consular Body on July 30: summarizes Japanese proposals.	705
622 MR. INGRAM Peking Tel. No. 581	Aug. 22	Refers to No. 621: states Japanese terms would not be acceptable to Chinese: reports position relating to proposed publication of draft agreement and discusses alternative procedures: considers no further action possible at present, but Japanese co-operation essential: feasibility of applying agreement to W. district only being investigated.	705
623 MR. INGRAM Peking No. 1088	Aug. 22	Refers to No. 531 and further conversation with ex-emperor Pu Yi.	707
624 MR. CLARKE Mukden No. 126	Aug. 22	Transmits copy of his despatch No. 129 of Aug. 22 to Peking reporting on farewell dinner given by Gen. Honjo on Aug. 19.	707
625 MR. CRAIGIE Foreign Office	Aug. 22	Record of conversation with Mr. Matsu-daira on naval disarmament questions: Japanese Govt.'s attitude towards Mr. Hoover's and H.M.G.'s proposals (cf. Vol. III).	708
626 To MR. DIXON Dominions Office	Aug. 22	Suggestions for reply to enquiry from Commonwealth of Australia on H.M.G.'s present policy with regard to Manchurian question.	710
627 MR. INGRAM Peking No. 1092	Aug. 23	Transmits copy of despatch No. 60 of Aug. 12 from Mr. Giles (Tientsin) to Mr. Ingram reporting his discussion with Brigadier Burnell Nugent, Commander, Tientsin Area, on situation in N. China and justification for retaining British contingent at Shanhaikuan: no immediate withdrawal proposed.	711
628 SIR F. LINDLEY Tokyo Tel. No. 330	Aug. 24	Thinks activity of all Japanese military establishments precautionary: no particular enemy in view: considers signature of Soviet-Japanese peace pact a possibility: renewed boycott activity in China causing anxiety.	713

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
629	SIR F. LINDLEY Tokyo Tel. No. 332	Aug. 24	Repeats telegram from Commercial Counsellor, Tokyo, to Sir E. Crowe on relatively sound financial position of Japan.	713
630	MR. INGRAM Peking Tel. No. 590	Aug. 24	Repeats Shanghai telegram No. 216 of Aug. 23 to Peking relating to extra-settlement roads agreement: objections raised to its publication: matter to be discussed informally with Chinese.	714

## CHAPTER VI

### Reception of the Lytton Report: Japanese Government's recognition of Manchukuo

August 25–October 12, 1932

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
631	MR. INGRAM Peking No. 1107	Aug. 25	Reports on activities of Lytton Commission since leaving Japan on July 19: Lord Lytton's illness and future movements: plans for completion and publication of report by mid-October: slight interest shown by Chinese press.	715
632	SIR F. LINDLEY Tokyo Tel. No. 333	Aug. 26	Reports M.F.A.'s speech in Diet on Aug. 25 relating to Govt.'s policy towards China and Manchuria.	717
633	MR. INGRAM Peking Tel. No. 593	Aug. 26	Refers to No. 628, last sentence: summarizes boycott position as reported by Sir J. Brennan: considers Japanese Consul-General overstates his case thereon.	717
634	MR. INGRAM Peking Tel. No. 596	Aug. 26	Refers to No. 630 and disheartening turn in extra-settlement roads negotiations: discusses future moves, possibly some sort of conference.	718
635	MR. INGRAM Peking Tel. No. 597	Aug. 26	Reports information given to Lord Lytton's private secretary concerning Japanese recognition of Manchukuo between Sept. 4 and 18, and the arranging of final details of Japanese-Manchukuo treaty by General Muto.	718
636	TO SIR F. LINDLEY Tokyo No. 578	Aug. 26	Approves line taken in conversation with Vice-M.F.A. on July 6 on Manchurian question (cf. No. 511), and his action in keeping U.S. colleague fully informed.	719
637	SIR F. LINDLEY Chuzenji No. 451	Aug. 29	Summarizes speech by Mr. K. Mori, of the Seiyukai party, relating to Govt.'s policy towards Manchuria.	719
638	MR. INGRAM Peking Tel. No. 607	Aug. 30	Repeats Mukden telegram No. 71 of Aug. 29 to Peking reporting attack on Mukden aerodrome by 'volunteers'.	721
639	SIR F. LINDLEY Chuzenji No. 448	Aug. 30	A survey of present political position and temper of Japan: appeal to H.M.G. to consider effects on British position of alienating most powerful nation in Far East,	721

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
			and the relative value of goodwill of Japan and of China's changing politicians.	
640	SIR F. LINDLEY Chuzenji No. 452	Aug. 31	Enlarges on No. 628: reports conversation with Vice-M.F.A. who denied any possibility of war with Russia in near future, or with U.S.: comments favourably on probable choice of Admiral Nomura as unofficial ambassador of friendship to U.S.	725
641	MR. INGRAM Peking Tel. No. 614	Sept. 2	Refers to No. 633: Chinese appear to be doing all they can to suppress recrudescence of illegal anti-Japanese boycott activities by unco-ordinated terrorist groups: no sign of forceful Japanese action: bulk of Japanese imports not being distributed.	726
642	SIR F. LINDLEY Tokyo Tel. No. 339	Sept. 2	Refers to Nos. 618 and 628: Soviet Ambassador asks whether Count Uchida will favour pact of non-aggression: opponents of pact fear it would increase communist propaganda.	727
643	SIR F. LINDLEY Tokyo Tel. No. 340	Sept. 2	Refers to No. 641: reports conversation with Vice-M.F.A. who assured him that last thing wanted was another Shanghai incident: General Staff's suggestion that it was duty of other powers to help stop boycott activities.	727
644	TO MR. INGRAM Peking Tel. No. 187	Sept. 2	Refers to No. 634: agrees nothing to be done at present: asks for Sir J. Brennan's views on application of extra-settlement roads agreement to W. district (cf. No. 622): considers it unwise to do anything that might lead to a conference.	728
645	SIR F. LINDLEY Tokyo Tel. No. 341	Sept. 2	Reports General Staff's offer of support in recovering British Concession at Hankow, and Military Attaché's reply.	728
646	MR. INGRAM Peking Tel. No. 612	Sept. 2	Refers to No. 634: summarizes Sir J. Brennan's report on Shanghai Municipal Council's meeting on Aug. 24 to discuss publication of agreement and decision to take no action at present: British Residents' Association favours scheme.	728
647	MR. INGRAM Peking Tel. No. 617	Sept. 2	Comments on Chinese reactions (see No. 648 below) to H.M.G.'s representations and suggests no further pressure be put on Chinese.	729
648	MR. INGRAM Peking Tel. No. 618	Sept. 2	Repeats Nanking telegram No. 321 of Aug. 31 to Peking reporting Mr. Holman's interview with Vice-M.F.A. in accordance with instructions in No. 613 and his views on Chinese reluctance to pursue discussion of H.M.G.'s mediation in Tibetan question.	730
649	MR. GARSTIN Harbin No. 71	Sept. 2	Reports conversation with Soviet Consul-General relating to reported movement of Soviet troops across frontier near Manchuli, and to dispute between Chinese	731



NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		Eastern railway and River Transportation Office of Manchurian Govt. (cf. No. 535).	
650 SIR F. LINDLEY Tokyo Tel. No. 342	Sept. 3	Mr. Tani states that Japanese Govt. propose to conclude treaty with Manchukuo before end of Sept: indicates provisions.	732
651 MR. INGRAM Peking Tel. No. 621	Sept. 3	Refers to No. 646: State Dept. advocate that all representative British and U.S. associations and bodies in Shanghai be told of Govt.'s approval of roads agreement and desire to see it signed.	732
652 MR. INGRAM Peking Tel. No. 624	Sept. 3	Has been informed by U.S. Minister of receipt of confirmation from U.S. Ambassador at Tokyo of press statements relating to forthcoming signature and contents of Japanese-Manchurian protocol.	733
653 To MR. INGRAM Peking	Sept. 3	Note from Chinese M.F.A. drawing H.M.G.'s attention, for such action as they may consider appropriate, to serious effect on prospective payment of foreign loans of Japanese authorities' seizure of Salt revenue in Manchuria.	733
654 MR. INGRAM Peking Tel. No. 626	Sept. 4	Informs of signature of Lytton Commission's Report on Sept. 4 and departure of Lord Lytton and Mr. Astor.	734
655 MR. INGRAM Peking Tel. No. 632	Sept. 5	Repeats Mukden telegram No. 72 to Peking reporting alleged protest to Nanking by Minister for Foreign Affairs, Changchun, against activities of Marshal Chang Hsueh-liang's agents based on Jehol frontier.	734
656 MR. INGRAM Peking Tel. No. 628	Sept. 5	Transmits written reply given by Japanese assessor to Lord Lytton in answer to formal enquiry as to Japanese intentions in Jehol area.	734
657 MR. STRANG Moscow No. 491	Sept. 5	Records remarks made to him on Sept. 3 by Counsellor of Japanese Embassy, Moscow, on Soviet-Japanese relations: in particular, (a) U.S. press correspondents' use of this theme as pawn in campaign for U.S. recognition of U.S.S.R., (b) Russian proposal for pact of non-aggression, (c) Soviet interest in Chinese Eastern railway.	735
658 SIR F. LINDLEY Tokyo Tel. No. 343	Sept. 6	Refers to No. 651: deprecates open opposition to Japanese in extra-settlement roads question except on certain bases: considers Anglo-U.S. demonstration could only do harm.	737
659 MR. INGRAM Peking Tels. Nos. 636 and 637	Sept. 6	Repeats further report from Mr. Holman on his interview with Mr. Hsu Mo (cf. No. 648).	738
660 MR. INGRAM Peking Tel. No. 640	Sept. 7	Refers to No. 651: repeats Sir J. Brennan's report on situation relating to extra-settlement roads agreement: all parties concerned sceptical as to possibility of limiting agreement to W. district only (cf. No. 622).	739

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
661 MR. INGRAM Peking Tel. No. 642	Sept. 7	Discusses possibility of Japanese activity south of Wall: considers action unlikely before end of month: U.S. and French colleagues share view that possibility cannot be ignored.	740
662 MR. INGRAM Peking	Sept. 7	Letter to Mr. Orde concerning provocative activities and demeanour of Japanese Legation guard, who regard themselves as under orders of Japanese General at Tientsin, refers to No. 599.	741
663 SIR F. LINDLEY Tokyo Tel. No. 345	Sept. 8	Refers to Nos. 661 and 665: gives reasons for considering Japanese military will not act without approval of Govt: views of Military Attaché on General Staff's plans relating to Jehol and the Young Marshal.	742
664 MR. OSBORNE Washington Tel. No. 364	Sept. 8	Reports conversation with Mr. Stimson on Sept. 7 on (a) desirability of close Anglo-U.S. collaboration on all matters of common interest, (b) anxiety at State Dept. regarding H.M.G.'s attitude towards non-recognition of Manchukuo, (c) H.M.G.'s recognition of Martinez govt. in San Salvador.	743
665 MR. INGRAM Peking Tel. No. 643	Sept. 8	Refers to No. 661: summarizes Military Attaché's appreciation of situation, Japanese objectives, and courses open to them.	744
666 SIR F. LINDLEY Tokyo Tel. No. 346	Sept. 9	Reports Japanese Govt.'s request to League of Nations to delay publication of Lytton Report until their observations can be published simultaneously, in about six weeks' time.	745
667 MR. INGRAM Peking Tel. No. 650	Sept. 9	Refers to No. 668 below: requests authority to support Municipal Council as far as necessary: suggests action by H.M. Ambassador at Tokyo.	745
668 MR. INGRAM Peking Tel. No. 649	Sept. 10	Repeats Shanghai telegram No. 224 of Sept. 8 to Peking relating to incident involving Japanese marines and their arrest of a Chinese: expresses hope of H.M.G.'s support for Municipal Council, who intend to resist any unreasonable Japanese demands.	746
669 SIR F. LINDLEY Tokyo Tel. No. 348	Sept. 10	Refers to No. 650: reports information received from Vice-M.F.A. that treaty with Manchukuo would be signed and published before Sept. 15, and would constitute recognition.	747
670 SIR F. LINDLEY Tokyo Tel. No. 349	Sept. 10	Refers to No. 667 and reports representations be made to Vice-M.F.A. who promised to use influence in favour of moderation.	747
671 To MR. INGRAM Peking Tel. No. 200	Sept. 10	Refers to No. 667: instructions on attitude to take.	747

	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
672	MR. INGRAM Peking Tel. No. 660	Sept. 10	Repeats Canton telegram No. 83 of Sept. 8 to Peking relating to provincial govt.'s hope that H.M.G. would secure free movement of supplies between Hong Kong and Canton in event of blockade of Canton.	748
673	MR. INGRAM Peking Tel. No. 665	Sept. 11	Reports Young Marshal's promise to help to secure release of Mr. Corkran and Mrs. Pawley, British subjects captured by bandits.	748
674	SIR F. LINDLEY Tokyo Tel. No. 351	Sept. 12	Refers to No. 669; expresses hope that as many signatories as possible of 9-Power Treaty will protest if H.M.G. consider protest necessary; considers only effect in Japan would be irritation.	749
675	SIR F. LINDLEY Tokyo Tel. No. 353	Sept. 12	Reports exchange of views between Chinese Minister and M.F.A. on Sept. 10 on Japanese recognition of Manchukuo.	750
676	MR. INGRAM Peking No. 1210	Sept. 12	Summary of recent events connected with taking-over of Postal Administration in Manchuria by new Govt.: appreciation of efficiency of former Chinese Postal Service.	750
677	SIR V. WELLESLEY Foreign Office	Sept. 12	Record of conversation with M. de Fleuriau concerning H.M.G.'s attitude towards expected Japanese recognition of Manchukuo.	757
678	SIR F. LINDLEY Tokyo Tel. No. 355	Sept. 14	Refers to No. 674; hopes that some other Power will take initiative if protest considered necessary; Great Britain has more to lose from Japan's ill-will in Far East than any other Power.	758
679	MR. INGRAM Peking Tel. No. 671	Sept. 14	Refers to Nos. 658 and 660; summarizes position with regard to extra-settlement roads agreement; informs of instructions being sent to U.S. and H.M. Consuls on attitude to maintain at meeting on Sept. 16.	758
680	MR. INGRAM Peking Tel. No. 672	Sept. 14	Repeats Nanking telegram No. 336 of Sept. 13 to Peking reporting information received from Mr. Hsu Mo as to intended action of Chinese Govt. following Japanese Govt.'s recognition of Manchukuo.	759
681	MR. INGRAM Peking Tel. No. 677	Sept. 14	Repeats Nanking telegram No. 336 of Sept. 13 to Peking reporting views of Japanese colleague that there would be no trouble at Nanking during next few days, and giving own views.	759
682	MR. INGRAM Peking Tel. No. 679	Sept. 14	Refers to Nos. 683-4 below; informs of incidents involving Japanese naval authorities in French Concession and Japanese Consul-General's admission that he had no control over them.	760
683	MR. INGRAM Peking Tel. No. 680	Sept. 14	Repeats Shanghai telegram No. 227 of Sept. 14 to Peking reporting conversation with Japanese Consul-General after latter's	760

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		receipt of instructions (cf. No. 670): Sir J. Brennan's suggestion for amicable settlement to be conveyed to Japanese admiral.	
684 MR. INGRAM Peking Tel. No. 681	Sept. 14	Repeats Shanghai telegram No. 228 of Sept. 14 to Peking referring to No. 683: Japanese Consul-General and leading Japanese civilians not in sympathy with attitude of naval authorities in marines' incident.	761
685 SIR F. LINDLEY Tokyo Tel. No. 356	Sept. 15	Transmits substance of telegram received from Minister for Foreign Affairs, Manchurian Govt., referring to No. 556 and informing of sums remitted to Sir F. Maze as Manchuria's share of foreign loan payment: states communication has not been acknowledged.	761
686 SIR F. LINDLEY Tokyo Tel. No. 357	Sept. 15	Informs of receipt with translations of (a) Protocol to be signed by Gen. Muto and Manchukuo Minister for Foreign Affairs that afternoon, (b) official statement by Japanese Govt.: briefly summarizes both documents.	762
687 MR. INGRAM Peking Tel. No. 687	Sept. 15	Repeats Shanghai telegram No. 229 of Sept. 15 to Peking referring to No. 683 and announces Japanese naval authorities will drop the matter tacitly: has advised Chairman of Municipal Council to do the same.	763
688 SIR F. LINDLEY Tokyo No. 495	Sept. 15	Record of proceedings Sept. 6-15 leading to signature of Japanese-Manchukuo Protocol, summary of its terms and of Declaration issued by Japanese Govt. after recognition: discusses position in relation to 9-Power Treaty, Mr. Stimson's doctrine of non-recognition, Resolutions of League of Nations, and China.	764
689 MR. INGRAM Peking Tel. No. 688	Sept. 16	Refers to No. 673 and informs of steps being taken towards release of captives.	768
690 MR. INGRAM Peking Tel. No. 693	Sept. 16	Informs of communications from Chinese Ministry of Foreign Affairs relating to serious effect on payment of foreign loans of non-receipt of Customs and Salt revenues from Manchuria.	768
691 MR. INGRAM Peking No. 1240	Sept. 16	Summary record of events in Manchuria since June 1932.	769
692 SIR F. LINDLEY Tokyo Tel. No. 360	Sept. 17	Refers to telegram from Foreign Minister, Manchukuo, informing him of decision to treat China as a foreign country in all matters and further telegram giving reasons why western Powers should recognize new state.	777
693 MR. INGRAM Peking Tel. No. 694	Sept. 17	Informs of, and comments on, supersession by an American of English secretary to Foreign Chief Inspector in Salt administration: states intention to draw Minister of	777

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		Finance's attention to H.M.G.'s reaction to perpetual superseding of English by Americans in highest posts of Salt service.	
694 SIR F. LINDLEY Tokyo No. 501	Sept. 17	Discusses possibility of U.S.S.R. coupling acceptance of Soviet-Japanese pact with question of recognition of Manchukuo.	778
695 MR. ORDE Foreign Office	Sept. 17	Minute recording requests of Chinese Minister and Japanese Ambassador to see Sir J. Simon on 19th and suggestions for H.M.G.'s attitude in light of forthcoming Lytton Report and League consideration of Manchurian question.	779
696 MR. INGRAM Peking Tel. No. 700	Sept. 18	Repeats Nanking telegram No. 338 of Sept. 17 to Peking reporting receipt from Ministry of Foreign Affairs of (a) copy of note of Sept. 16 from Chinese to Japanese Govt. protesting against latter's violation of international obligations, (b) note on same subject and of same date from Chinese Govt. to H.M.G. (cf. No. 698 below, <i>encl.</i> ).	780
697 MR. OSBORNE Washington Tel. No. 379	Sept. 19	Summarizes conversation with Mr. Stimson on Sept. 18 relating to Manchurian question: latter's anxiety as to line H.M.G. will take on Lytton Report and his emphasis on sanctity of treaties and League's reputation: effect of pre-election situation on U.S. action in international affairs.	780
698 To MR. INGRAM Peking No. 775	Sept. 19	Reports conversation with Chinese Minister when he delivered enclosure, copies of which were being sent to signatories and adherents of 9-Power Treaty except Japan to whom a protest had been addressed.	781
		<i>Encl.</i> Statement by Chinese Govt. relating to Japanese actions in Manchuria since Sept. 18, 1931, culminating in recognition of new state on Sept. 15, 1932, and requesting measures be taken under Art. 7 of 9-Power Treaty.	782
699 MR. INGRAM Peking	Sept. 19	Letter to Mr. Orde informing him of H.M. Consul-General at Hankow's opinion that relations between Japanese and Chinese authorities there were satisfactory: U.S. and French colleagues share same opinion.	784
700 To MR. HURST Port Said Tel. No. 11	Sept. 20	Message to Lord Lytton advising him not to visit Geneva on his way back to England.	784
701 MR. INGRAM Peking Tel. No. 710	Sept. 20	Reports that he has accepted temporary custody of copies of Lytton Report for distribution to heads of Missions in China and Japan pending instructions.	784
702 MR. INGRAM Peking Tel. No. 714	Sept. 21	Messrs. Butterfield and Swire's enquiry whether they should pay tonnage dues at Newchwang (cf. No. 692): told to accept guidance of H.M. Consul.	785

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	NO. AND NAME	DATE	MAIN SUBJECT	PAGE
703	To FRENCH AMBASSADOR London	Sept. 21	Refers to No. 677: informed that H.M.G.'s attitude towards Manchurian question is unchanged, as a matter to be dealt with primarily by League of Nations.	786
704	To MR. INGRAM Peking Tel. No. 209	Sept. 22	Inform of U.S. Govt.'s memo. on possibility of hostilities south of Wall and suggestion for proposing temporary neutralization of Peking and 10-mile surrounding area: asks for observations.	786
705	MR. INGRAM Peking Tel. No. 722	Sept. 22	Comments on implications of Manchukuo's decision to treat China as a foreign country (cf. No. 692): considers effect will be far reaching on trade between China and Manchuria but not on direct British interests.	787
706	MR. INGRAM Peking No. 1223	Sept. 22	Inform of Note sent to M.F.A. asking for explanation of discrimination in levy of internal Customs duties in favour of a Chinese factory at Shanghai to the disadvantage of similar factory operated by British company: discusses points at issue and questions raised.	788
707	MR. INGRAM Peking No. 1231	Sept. 22	Transmits copy of Shanghai despatch No. 325 of Sept. 14 to Peking relating to Shanghai extra-settlement roads agreement, in which Sir J. Brennan referred to link between Japanese objections to agreement and Chinese attitude towards Manchuria: hoped agreement would be applied as a beginning to western district only: considered it best now to postpone conclusion of agreement to more suitable moment.	789
708	MR. MURRAY Rome No. 768	Sept. 23	Reports generally guarded and non-committal attitude of Italian press towards Japanese recognition of Manchukuo.	791
709	To MR. INGRAM Peking Tel. No. 212	Sept. 24	Refers to No. 693: instructions on protest to make to Minister of Finance.	792
710	MR. OSBORNE Washington Tel. No. 388	Sept. 24	Press reports French view of status of Manchuria to be practically identical with American: rumoured activity of Senator Reed.	793
711	MR. INGRAM Peking No. 1236	Sept. 24	Informs that he has authorized Mr. Eastes to sign application by Mr. Shaw to Antung Customs for an Inland Waters Certificate in respect of his steamer.	793
712	MR. INGRAM Peking No. 1251	Sept. 24	Refers to No. 631: informs of signature of Lytton Report on Sept. 4 (cf. No. 654), eleventh-hour difficulties and departure for Europe of members of Commission.	794
713	U.K. DELEGATE Geneva No. 262	Sept. 26	Transmits copy of Sir J. Simon's record of his conversation with Mr. Nagaoka on Sept. 23 regarding Japanese request of Sept. 14 to League Council to postpone examination of Lytton Report (cf. No. 666):	795

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
		advises him to discount press rumours concerning Senator Reed's recent conversations (cf. No. 710).	
714 MR. ORDE Foreign Office	Sept. 26	Brief recapitulation of background history of Tibetan relations with China and India: suggested action to stave off anticipated further Chinese advance into Outer Tibet.	796
715 SIR F. LINDLEY Tokyo Tel. No. 368	Sept. 27	Informs of receipt of official letter from Manchukuo M.F.A. enclosing copies of communications in Nos. 685 and 692: suggests they should be acknowledged: considers Japanese Govt. will in future pay less attention to representations regarding British interests in Manchuria.	798
716 TO MR. INGRAM Peking Tel. No. 216	Sept. 27	Refers to No. 504 : informs of War Office plans for troop movements at Shanghai and Hong Kong.	799
717 SIR F. LINDLEY Tokyo No. 520	Sept. 28	Japanese press reports of Tibetan question and ending of Iraqi mandate seek to establish similarity between these two events and Japan's action in Manchuria.	799
718 MR. INGRAM Peking No. 1246	Sept. 28	Transmits copy of Shanghai despatch No. 327 of Sept. 19 to Peking relating to reactions of local Chinese population and press to Japan's recognition of Manchukuo, and comments by Japanese Minister to China on general situation, civil war in Shantung and extra-settlement roads agreement.	801
719 MR. BECKETT Foreign Office	Sept. 28	Memo. explaining why Japan's action in recognizing Manchukuo was a breach of 9-Power Treaty.	802
720 TO MR. INGRAM Peking Tel. No. 221	Sept. 29	Instructions on communication to make to Govt. concerning British interest in preventing advance of Chinese troops into Outer Tibet.	804
721 MR. INGRAM Peking Tel. No. 745	Sept. 30	Reports views of U.S., French and British Military Attachés on technical aspects of neutralization of Peking area (cf. No. 704).	806
722 MR. INGRAM Peking Tel. No. 751	Sept. 30	Repeats Harbin telegram No. 95 of Sept. 28 to Peking with Soviet Russian report of revolt on Sept. 27 of all Manchukuo troops stationed between Manchuli and Chalandun and their declaration for Nanking Govt.	806
723 MR. OSBORNE Washington No. 1492	Sept. 30	Informs of press report of arrival in U.S. of Mr. Rea on his way to Geneva as unofficial representative of Manchukuo Govt.: quotes article giving Mr. Rea's alleged views on Japan's action in Manchuria.	807
724 MR. ORDE Foreign Office	Sept. 30	Memo. on the pros and cons of H.M.G.'s recognition of Manchuria.	808
725 MR. PATTESON Geneva Tel. No. 82 Saving	Oct. 1	Mr. Cadogan's report on meeting of Council of 19 of Special Assembly on Oct. 1.	809

NO. AND NAME	DATE	MAIN SUBJECT	PAGE
726 SIR F. LINDLEY Tokyo Tel. No. 372	Oct. 3	Comments on press reception of Lytton Report: considers report will not affect Japanese policy at present, real question is how it will be treated at Geneva.	810
727 MR. INGRAM Peking Tel. No. 756	Oct. 3	Refers to No. 720: informs of action he intends to take on arrival at Nanking on Oct. 6.	810
728 MR. OSBORNE Washington Tel. No. 401	Oct. 4	Reports attitude of State Dept. and of press towards Lytton Report.	811
729 To MR. INGRAM Nanking Tel. No. 79 Tour	Oct. 5	Further instructions (cf. No. 720) on communications to make to Chinese Govt. following reported advance of Chinese troops upon Outer Tibet.	811
730 MR. PATTESON Geneva Tel. No. 87 Saving	Oct. 5	Mr. Eden's record of his conversation on Lytton Report with Mr. Nagaoka, who considers that it provides no basis for discussion with Chinese.	812
731 SIR F. LINDLEY Tokyo No. 532	Oct. 5	Comments on Japanese immigration to Manchuria: reports conversation on that subject between H.M. Consul at Tokyo and President of Oriental Development Co. who gave reasons for not expecting large influx of Japanese settlers.	812
732 MR. HOLMAN Peking No. 1281	Oct. 5	Informs of Chinese Govt.'s decision to take no further action with regard to a British military aviation mission (cf. No. 610).	813
733 MR. CRAIGIE Foreign Office	Oct. 5	Record of conversation with Mr. Matsudaira: views of Japanese Govt. on naval disarmament (cf. No. 625): influence thereon of Japan's concentration on Manchurian question.	814
734 To MR. ATHERTON U.S. Embassy London	Oct. 5	Foreign Office memo. handed to Mr. Atherton on Oct. 11 on suggestions made to secure immunity of diplomatic quarter at Peking in event of Sino-Japanese activities south of Wall (cf. No. 721): H.M.G. prefer to delay discussions with Chinese or Japanese Govt. until danger of hostilities imminent.	816
735 SIR F. LINDLEY Tokyo No. 533	Oct. 6	Refers to No. 717: reports continued interest of Japanese press in alleged points of similarity between Tibet, Iraq and Manchuria.	818
736 SIR F. LINDLEY Tokyo Tel. No. 374	Oct. 7	Refers to No. 726: gives own impression of internal situation: suggests wisest course is to go as slowly as conditions permit.	819
737 MR. INGRAM Nanking Tel. No. 355 Tour	Oct. 7	Reports discussion on Lytton Report with M.F.A. who stated Chinese reaction was on the whole favourable: agreement on need for considerable lapse of time and direct Sino-Japanese negotiations before ultimate solution could emerge.	819



NO. AND NAME	DATE	MAIN SUBJECT	PAGE
738 MR. INGRAM Nanking No. 133 T.S.	Oct. 8	Transmits reports of interviews with Dr. Lo Wen-kan and Mr. Liu Shih-shan on Oct. 6 and 7 respectively on Tibetan question, in accordance with instructions in Nos. 720 and 729.	820
739 MR. INGRAM Nanking Tel. No. 360 Tour	Oct. 10	Has just heard from Ministry of Foreign Affairs that instructions have been sent to Chinese troops to cease hostilities in Outer Tibet area.	824
740 MR. INGRAM Nanking Tel. No. 362 Tour	Oct. 10	Reports confirmation by Mr. Liu Shih-shan of information in No. 739 and assurance that Govt.'s policy was to seek peaceful settlement of frontier problem: outlines suggestions he made to Mr. Liu Shih-shan to prevent resumption of hostilities and create favourable atmosphere for negotiations: requests H.M.G.'s approval.	824
741 To MR. INGRAM Peking No. 822	Oct. 10	Informs of explanation given to Chinese Counsellor on Oct. 4 concerning correspondence in 1921 relating to H.M.G.'s attitude towards Chinese Govt.'s resumption of negotiations with Tibet.	825
742 MR. EASTES Mukden No. 156 to Peking	Oct. 10	Transmits text of Manchurian Govt.'s telegram of Oct. 7 to five member Powers of Lytton Commission and to Secretary-General of League asserting that publication of report will stimulate activities of lawless elements in new State.	825
743 MR. INGRAM Nanking No. 138 T.S.	Oct. 11	Transmits minute of interview on Oct. 10 with Mr. Liu Shi-shan (see No. 740) who assured him Govt.'s instructions to troops to cease hostilities had been sent independently and before Mr. Ingram made his representations: details of suggestions made to be referred to M.F.A.	826
744 MR. INGRAM Nanking No. 141 T.S.	Oct. 11	Transmits minute of interview on Oct. 11 with Mr. Liu Shi-shan, who informed him of Govt.'s rejection of H.M.G.'s good offices and of proposals in No. 740 on grounds that Tibetan question was a purely domestic issue.	827
745 U.K. DELEGATE Geneva No. 306	Oct. 12	Transmits Lord Cecil's record of his conversation with Dr. Wellington Koo on Sino-Japanese dispute, in particular on forms of pressure that might be considered to secure united front in Far East.	828
746 MR. ORDE Foreign Office	Oct. 12	Memo. on the Lytton Report. <i>notes 2, 3, and 5.</i> Sir J. Pratt's comments on the Report.	830

## CHAPTER I

# Diplomatic efforts to initiate negotiations following cessation of Chinese–Japanese hostilities at Shanghai: establishment of the new state of Manchukuo March 4–18, 1932

### No. 1

*Mr. Patteson (Geneva) to Sir R. Vansittart*<sup>1</sup> (*Received March 4, 11.20 a.m.*)  
*No. 108 L.N. Telegraphic [F 2103/1/10]*

GENEVA, *March 4, 1932, 11.40 a.m.*

Following from Secretary of State:

In view of susceptibilities of other powers and of efforts here to promote collective action I should like it to be considered whether it would not be well to arrange that American French and Italian Commanders are associated with our Commander-in-Chief<sup>2</sup> in discussions for cessation of hostilities.<sup>3</sup> Everyone recognises that British commander should preside and take the lead but whether the effort ends in success or failure it is most desirable that it should have the aspect of being made in common. Americans here are gratified by close touch established between Sir M. Lampson and Mr. Johnson<sup>4</sup> and I want to find co-operation of all four powers confirmed in every way possible.

I should be glad if instructions in the above sense could be sent immediately to Commander-in-Chief.

Repeated to Shanghai.

<sup>1</sup> Mr. Patteson was H.M. Consul at Geneva. Sir Robert Vansittart was Permanent Under-Secretary of State for Foreign Affairs, in charge of the Foreign Office during the absence at Geneva of the Secretary of State, Sir John Simon, in order to attend the World Conference on Disarmament and the Special Session of the Assembly of the League of Nations convened in virtue of Article 15 of the Covenant at the request of the Chinese Government in respect of Japanese military action on Chinese territory. For the Resolution adopted by the Council of the League of Nations on February 19, 1932, transferring the Sino-Japanese dispute to the Assembly and convoking a meeting of the Assembly on March 3, see *League of Nations Official Journal, Special Supplement No. 101 (L/N.O.J., S.S. No. 101)*, p. 10. Cf. also Volume IX, No. 515.

<sup>2</sup> Admiral Sir H. Kelly, Commander-in-Chief, China Station, was then at Shanghai.

<sup>3</sup> For recent developments in the Sino-Japanese conflict in the neighbourhood of Shanghai, see Nos. 25 and 55, enclosure, below.

<sup>4</sup> Sir Miles Lampson and Mr. Nelson Johnson were respectively the British and U.S. Ministers to China, then visiting Shanghai.

No. 2

*Sir R. Vansittart to Mr. Patteson (Geneva)*

*No. 257 L.N. Telegraphic [F 1994/1/10]*

FOREIGN OFFICE, *March 4, 1932, 12.15 p.m.*

Following for the Secretary of State from Sir R. Vansittart.

Sir M. Lampson's observations in his telegram No. 44 to Geneva<sup>1</sup> seem to me very pertinent. It should however be possible for the representatives of the Powers to keep off dangerous ground by a strictly limited agenda, and importance of this is no doubt already realised.

I doubt whether forebodings in Sir F. Lindley's telegram No. 96<sup>2</sup> to the Foreign Office need at this date be taken at their face value.

<sup>1</sup> See Volume IX, No. 643, for this telegram giving Sir M. Lampson's views on the Japanese suggestion for a round table conference in Shanghai (cf. *ibid.*, No. 603).

<sup>2</sup> This telegram from H.M. Ambassador at Tokyo, commenting on the seriousness of the Japanese plan for neutral zones in China, is printed *ibid.*, No. 426.

No. 3

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 4, 4 p.m.)*

*No. 149 Tour. Telegraphic: by wireless [F 2140/1/10]*

*Confidential*

SHANGHAI, *March 4, 1932*

My telegram No. 145.<sup>1</sup>

On communicating Vice Minister for Foreign Affairs' statement to Japanese Minister on afternoon of March 3rd latter felt he could not without approval from Tokyo discuss Article 1 of Japanese proposals independently of remaining three articles.<sup>2</sup>

2. In the meantime Japanese troops having pushed Chinese troops outside 20 kilometres zone<sup>3</sup> Japan had given order to cease fire at 2 p.m.<sup>4</sup>

3. I accordingly threw out suggestion it might help generally if the Japanese Minister could drop in informally on me later in the afternoon and meet the Vice Minister for Foreign Affairs absolutely without commitment on either side so that both parties might be able better to realize point of view of one another.

4. Vice Minister for Foreign Affairs having agreed we three met at the Consulate-General later and had a very outspoken discussion of one and a

<sup>1</sup> Volume IX, No. 660.

<sup>2</sup> The four Japanese 'basic conditions for immediate cessation of hostilities' are printed *ibid.*, No. 648. Mr. Quo (or Kuo) Tai-chi was the Chinese Vice-Minister for Foreign Affairs: the Japanese Minister at Shanghai was Mr. Shigemitsu.

<sup>3</sup> The first demand of the Japanese ultimatum of February 18, 1932, to the Chinese authorities had been for the withdrawal of Chinese forces to a distance of 20 kilometres from the Japanese defence sector of the International Settlement at Shanghai; cf. *ibid.*, No. 496.

<sup>4</sup> Cf. *ibid.*, No. 660, note 3.

half hours. There were some moments when it was necessary to curb mutual recriminations but on the whole the proceedings were not unfriendly.

5. Net result was statement by Vice Minister for Foreign Affairs that fighting having stopped since his statement this morning<sup>5</sup> there was no longer need to discuss Article 1. As soon as he had his instructions from his government on the Japanese proposals as a whole, he would be able to return an answer to them. Meanwhile as the Japanese troops had advanced up to 20 kilometre zone and Chinese had retired well outside it, why not make a conciliatory and good neighbourly gesture by withdrawing forthwith voluntarily to the settlement area on an undertaking by Chinese Government that Chinese troops would not for a given period enter that zone?

6. Japanese Minister refused to follow him on to that ground. Position must be approached on the basis of existing facts and conditions for withdrawal of Japanese troops were already before Vice Minister for Foreign Affairs in Japanese terms. It must depend upon findings and proposed round table conference (Article 2 of Japanese proposals) suggested by Geneva. Meanwhile he was inclined to press for formal truce negotiations forthwith to avoid danger of further clash; this was countered by renewed suggestion by Vice Minister for Foreign Affairs that Japan only had to withdraw her troops and thus establish a vacuum between the two armies Chinese being already well outside 20 kilometre zone.

[Repeated to] Tokyo, Shanghai and Mission.<sup>6</sup>

<sup>5</sup> i.e. on March 3.

<sup>6</sup> The Sub-Legation at Nanking, in the charge of Mr. E. M. B. Ingram, Counsellor in H.M. Legation at Peking.

#### No. 4

*Mr. Patteson (Geneva) to Sir R. Vansittart (Received March 4, 4.15 p.m.)*

*No. 109 L.N. Telegraphic: by telephone [F 2114/1/10]*

GENEVA, *March 4, 1932*

Following from Secretary of State.

Please arrange that instructions be sent immediately to the Commander-in-Chief at Shanghai to obtain and communicate at once for information of Assembly whether cessation of hostilities has been actually established at Shanghai adding any details. I have promised to supply this information to the President<sup>1</sup> as soon as possible.

<sup>1</sup> M. Paul Hymans, Belgian Minister for Foreign Affairs, was President of the Special Session of the Assembly of the League of Nations which had been convened on March 3, 1932; cf. No. 1, note 1. The Records of this Special Session are printed in the following five volumes: *L/N.O.J.*, *S.S. Nos. 101-2, 111-13.*

The representatives of France and Italy have undertaken to take similar action. It is desirable that the three Admirals should concert their action on the spot.<sup>2</sup>

Repeated to Shanghai No. 15.

<sup>2</sup> Sir John Simon added in Geneva telegram No. 112 L.N. to the Foreign Office, received at 11.20 a.m. on March 5: 'I have since learned that instructions have been sent to United States Admiral to co-operate in supplying this information. It is important therefore that the Commander-in-Chief should associate with United States Admiral in any action he may take.'

## No. 5

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 56<sup>1</sup> Telegraphic [F 2138/1/10]*

TOKYO, March 4, 1932

Sir M. Lampson's telegram No. 147<sup>2</sup> to Foreign Office.

I informed Minister for Foreign Affairs<sup>3</sup> this afternoon that I was much disturbed by reports from Shanghai which pointed to Japanese troops being maintained in their advance positions until a permanent settlement of the future of Shanghai was arrived at. We had always understood that when fighting ceased and Chinese had retired Japanese troops would also be withdrawn and neutral zone would be established. This was the understanding underlying proposed conference and I doubted personally whether it would ever take place if Japanese troops insisted in remaining where they were during the conference. I had no instructions but I wanted to prevent Japanese government committing themselves to some position from which they would find it difficult to withdraw.

Discussion lasted over an hour at the end of which Minister for Foreign Affairs stated that his government considered it necessary for Japanese troops to remain in their positions until conference had met and made some progress.

Repeated to Shanghai and Foreign Office.

<sup>1</sup> Repeated from Geneva, as Tokyo telegram No. 155 to the Foreign Office, at 5.40 p.m. (received at 5.15 p.m.) on March 4.

<sup>2</sup> Volume IX, No. 662.

<sup>3</sup> Mr. K. Yoshizawa.

## No. 6

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 57<sup>1</sup> Telegraphic [F 2139/1/10]*

TOKYO, March 4, 1932

My immediately preceding telegram.<sup>2</sup>

Japanese government are evidently determined not to withdraw troops until conference has practically concluded its work and provided for

<sup>1</sup> Repeated from Geneva, as Tokyo telegram No. 156 to the Foreign Office, at 5.25 p.m. (received at 5.30 p.m.) on March 4.

<sup>2</sup> No. 5.

demilitarisation scheme. Minister for Foreign Affairs was more than usually obstinate and I do not believe anything will move the Japanese Government.

Question to be decided is whether the conference can be held in these circumstances or not. If not I cannot foresee at the moment what the Japanese will do but it will be something disagreeable.

I had long conversation also with Count Makino<sup>3</sup> who was much concerned at my account. He will do what he can but it will not be much I fear.

Repeated to Shanghai and Foreign Office.

<sup>3</sup> Lord Keeper of the Privy Seal of Japan.

## No. 7

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 4, 6 p.m.)*

*No. 150 Tour. Telegraphic: by wireless [F 2158/1/10]*

SHANGHAI, March 4, 1932

My immediately preceding telegram.<sup>1</sup>

I should have included in my report that conversation began with somewhat acrimonious charge of bad faith by Vice Minister for Foreign Affairs. Chinese had on February 29th put up five points through Admiral Kelly which represented what they believed had been agreed at join[t] meeting in His Majesty's ship 'Kent' February 28th.<sup>2</sup> Now Japan had gone right back on that and presented entirely fresh desiderata (Japanese four points of March 2nd).<sup>3</sup>

2. Japanese Minister retorted that Japanese side had never agreed to Chinese five points of February 29th nor did they at all represent what his side had understood at meeting on February 28th. He accused Vice Minister of having known that Japan did not accept them before as a message in writing had been sent through Admiral Nomura<sup>4</sup> on March 2nd. Vice Minister said he knew nothing of all that and had received no such message and finally I got Japanese Minister to accept his assurance. But he proceeded to accuse the Chinese side of having broadcasted the five Chinese points as though accepted by both especially in Geneva. This the Vice Minister denied hotly—so I interposed saying though I had been absent in Nanking at the moment and therefore did not know precisely what had passed I was perfectly prepared to act as scapegoat and let both sides assume it was we, Great Britain, who had let out these terms at Geneva on an apparently false assumption. This stifled further argument and I hope we shall hear no more of it.

3. Vice Minister called again this morning March 4th and informed me of his government's comments upon the Japanese terms of March 2nd. These are as follows; they amount to dictation of terms.

<sup>1</sup> No. 3.

<sup>2</sup> See Volume IX, Nos. 618 and 634.

<sup>3</sup> See *ibid.*, No. 648.

<sup>4</sup> Commander of Japanese naval forces at Shanghai.

Paragraph 1 calls for unilateral assurance for withdrawal and granting of cessation of hostilities by Japan. However preliminary discussions regarding this paragraph might be entered into with Japanese in the presence of British but explicitly on the principle of mutual withdrawal though not necessar[il]y in details. (Vice-Minister emphasised that this is now entirely out of date since Japan's declaration of cessation of hostilities at 2 p.m. March 3rd.)

Second Japanese paragraph contemplated an international conference with Japanese troops holding their positions. If the scope of the conference were limited to methods of mutual withdrawal and no other question were to be raised or discussed China might agree to conference idea.

Third Japanese paragraph seemed worse than an ultimatum and contained the following objectionable points (1) idea of continuing Chinese withdrawal (2) Japanese withdrawal to so-called Shanghai-Woosung areas (3) complete Japanese withdrawal to depend upon restoration of normal conditions.

Fourth Japanese paragraph though apparently giving equal chance to both parties will serve as pretext for Japan to resume hostilities at any moment.

4. Pressed as to the present attitude of his government he explained it as follows. China could not deal with Japan now as basis of discussion had changed. Chinese acceptance of M. Boncour's proposal<sup>5</sup> had been based on the understanding that cessation of hostilities was to be brought about in accordance with the five Chinese points of 29th February. The position here in Shanghai thus was that Chinese side will do nothing unless Japanese troops withdraw (i.e. 'mutual withdrawal' of February 29th) and cannot enter into any negotiations with Japanese troops occupying such a wide stretch of territory. In short China stands on her five points.

5. I confess that I feel China is right in her attitude . . .<sup>6</sup> for the first time Japan's terms both unreasonable and illogical. Chinese troops are now well outside 20 kilometre zone and likely to remain there. Japan's continued occupation in the present conditions can only veil the intention to use that occupation to dictate such terms as demilitarisation etc. and sooner than that I believe China will refuse to treat and let Japan continue to expend her financial and other energy in an indefinite occupation which China is unlikely ever to legalise. Meanwhile the boycott<sup>7</sup> will go on with even greater severity. In short we are faced with probability of an armed stalemate—and I gravely doubt if China will come to any conference table as things now stand.

<sup>5</sup> For this proposal for a conference at Shanghai, made on February 29, 1932, by M. Joseph Paul-Boncour, President of the Council, and French delegate to the Assembly, of the League of Nations, see No. 55 below, enclosure 1.

<sup>6</sup> The text is here uncertain.

<sup>7</sup> The boycott of Japanese goods in China, begun in July 1931 with the avowed object of destroying Japanese trade as a reprisal for the massacres of Chinese on the Korean frontier (cf. Volume VIII, No. 498, enclosure), had been made much stricter and more far-reaching after the Japanese attack on Mukden on September 18-19, 1931 (see *ibid.*, Chapter IX). See further, Chapter VII (*Japan's Economic Interests and the Chinese Boycott*) of the League of Nations: *Appeal by the Chinese Government: Report of the Commission of Enquiry* (Lytton Report), pp. 112-21.

6. As long as this impasse continues I propose to keep as much as possible in the background though I suspect Japan will once more try and use us as stalking horse—compare my telegram No. 105<sup>8</sup> paragraphs 3 and 4.

7. Confidential. United States Minister becomes daily more restive at Japan's proceedings.

Repeated to Shanghai, Mission and Tokyo.

<sup>8</sup> Volume IX, No. 553.

## No. 8

*Sir R. Vansittart to Mr. Patteson (Geneva)*

*No. 261 L.N. Telegraphic [F 2203/1/10]*

FOREIGN OFFICE, *March 4, 1932, 9 p.m.*

Following for the Secretary of State:—

The position in regard to the actual cessation of hostilities at Shanghai is uncertain and the Commander-in-Chief is being instructed to report the facts. Sir F. Lindley has been informed by the Japanese Minister for Foreign Affairs that in addition to the orders sent to cease operations at Shanghai the Japanese Minister had been instructed to begin negotiations at once. The Commander-in-Chief's report for March 3rd stated that the truce continued although it must not be thought that this was the end of the trouble. The British Military Attaché reported on March 3rd that the Japanese Military Attaché had confirmed the issue of the order to cease fire at 2 p.m. on March 3rd. The latter stated that no troops were outside the 20 kilometre zone, but the War Office have received from the Japanese Military Attaché in London information which makes this doubtful, and it seems most unlikely that the Japanese troops recently landed at Liuho are within this zone. . . .<sup>1</sup>

<sup>1</sup> The rest of this telegram summarized information in Nos. 660 and 662 in Volume IX.

## No. 9

*Mr. Patteson (Geneva) to Sir R. Lindsay (Washington)*

*No. 3<sup>1</sup> Telegraphic [F 2164/1/10]*

*Most Secret*

GENEVA, *March 4, 1932*

Your telegrams Nos. 126 and 127 to Foreign Office.<sup>2</sup>

It will assist you to have from me<sup>3</sup> some account of British policy here in relation to United States over Shanghai affair. I see Wilson, United States Minister at Berne who is attending the disarmament conference, daily also

<sup>1</sup> Repeated to the Foreign Office as No. 111 L.N. at 1.20 p.m. (received at 2 p.m.) on March 5.

<sup>2</sup> Volume IX, Nos. 574 and 577.

<sup>3</sup> Sir John Simon.



Norman Davies [Davis]<sup>4</sup> and they are in constant touch with Mr. Stimson.<sup>5</sup> We concerted together proposals adopted by the council of [on] February 29th. My statement made at the council<sup>6</sup> that I was authorised to communicate American co-operation was textually approved by Wilson before it was made. Wilson and Davies saw me yesterday morning [*sic*]<sup>7</sup> after receiving a message from Stimson enquiring as to my line of policy at the assembly. I told them that I desired above all things to continue close co-operation between Britain and United States which now exists. First thing was to stop Shanghai fighting. In order to promote our further co-operation I have had a telegram<sup>8</sup> sent to Admiral Kelly asking him to associate American, French & Italian commanders with him in arranging terms and details of armistice. Today Wilson and I have sent simultaneous telegrams<sup>9</sup> requesting our respective commanders to report for the information of the assembly what is the actual position as regards the cessation of hostilities. I showed the two Americans the terms of the resolution adopted by the assembly this evening<sup>10</sup> before it was discussed explaining that it was so framed as to make clear that it was only the first step which assembly would take and I told them that I had earnestly appealed to the Japanese representative to withdraw his opposition and vote for the resolution, which he did. You will therefore see that at Geneva, Anglo-American co-operation is being promoted and maintained to the utmost. As regards American anxiety that League of Nations should be in line with letter to Borah<sup>11</sup> you should note that as early as January 29th council in a declaration<sup>12</sup> read by its president declared that a settlement of difficulties between China and Japan could not be sought in arrangements inconsistent with their international obligations by which they had undertaken to respect territorial integrity and political independence of all members of the League and statement concluded with these words 'it would be impossible for the League to endorse a settlement secured by means contrary to obligations above referred to'. You will have before you text of declaration<sup>13</sup> addressed on February 16th to Government of Japan by twelve members of the council which includes a similar warning terms of which were in fact handed to United States Chargé d'Affaires London for transmission to Mr. Stimson beforehand at a time when I hoped that United States government was going to address a corresponding warning to Japan contemporaneously. I called attention of Wilson and Davies to these passages this morning and told them for Mr. Stimson's information that after the immediate object of a cessation of hostilities had been secured and the con-

<sup>4</sup> U.S. Delegate to the Disarmament Conference.

<sup>5</sup> U.S. Secretary of State.

<sup>6</sup> See Volume IX, No. 628.

<sup>7</sup> See *Foreign Relations of the United States 1932 (F.R.U.S. 1932)*, vol. iii, pp. 508-9.

<sup>8</sup> Cf. No. 1.

<sup>9</sup> See No. 4; cf. *F.R.U.S., op. cit.*, pp. 511 and 517.

<sup>10</sup> See No. 16 below.

<sup>11</sup> Mr. Stimson's letter of February 23, 1932, to Senator Borah, Chairman of the Foreign Relations Committee of the Senate of the United States, is printed in *F.R.U.S. Japan 1931-1941*, vol. i, pp. 83-87. For a summary see No. 25 below. Cf. also Volume IX, No. 560, note 14.

<sup>12</sup> Cf. *ibid.*, No. 131, note 3.

<sup>13</sup> See *ibid.*, No. 471.

ference had been set up I should favour a re-assertion by the assembly of essential principle of League by which its members undertake to seek peaceful solutions of disputes wherever the fault may lie and a ratification of above declarations. I said further, for their confidential information, that in any event I would much sooner that the League boldly asserted the principles for which it stands even though in a given case it could not completely enforce their observance rather than that we should lose all our influence for the future by approving action contrary to the covenant.

It seems to me that on these lines it ought to be possible to deserve and I hope obtain American co-operation in supporting moral principles, while at the same time paying full regard, as we are bound to do, to our own necessities and to the warnings of Sir F. Lindley which British policy will not dream of disregarding.

Repeated to Foreign Office, Shanghai, Tokyo.

#### No. 10

*Letter from Sir W. Selby (Geneva) to Sir H. Rumbold (Berlin)*<sup>1</sup>

[F.O. 800/286]

GENEVA, March 4, 1932

My dear Rumbold,

So very many thanks for your letter<sup>2</sup> relating your conversation with the Japanese Ambassador in Berlin. I have duly submitted it to the Secretary of State.

The trouble about all these Japanese declarations is that they are always succeeded by the despatch of further troops to the scene of action in China, which certainly has the effect of undermining confidence in Japanese intentions. We have got a very nasty question to deal with before the Assembly as when it comes down to brass tacks it is hard to see what pressure can be brought to bear on Japan. Certainly those Powers who have certain means at their disposal seem disinclined to burn their fingers, especially America.

Yours very sincerely,

W. SELBY

<sup>1</sup> Sir Walford Selby was Principal Private Secretary to Sir John Simon. Sir Horace Rumbold was H.M. Ambassador at Berlin.

<sup>2</sup> Volume IX, No. 592.

#### No. 11

*Sir R. Lindsay (Washington) to Sir J. Simon (Received March 15)*

No. 406 [F 2542/1/10]

WASHINGTON, March 4, 1932

Sir,

I have the honour to transmit herewith copy of a Memorandum<sup>1</sup> by the

<sup>1</sup> Not printed. This memorandum of March 2, 1932, stated in particular: 'During the past few days, articles have appeared in the Press under such headlines as "U.S. Navy

Naval Attaché on the subject of the concentration of the United States Fleet in the Pacific, from which it will be seen that the manoeuvres now proceeding were planned and commenced last summer and that there is no foundation whatever for any suggested connection with the present crisis in the Far East.

I have, &c.,

(for the Ambassador),

T. A. SHONE<sup>2</sup>

Concentrates in the Pacific". The situation in the Far East and tension with Japan is seldom mentioned in connection with the Fleet's movements; but the implied connection is obvious. In reality such impressions are incorrect. During the summer of 1931, the Navy Department published outlines of the Fleet programme for 1932. These included two strategical exercises scheduled for February and March, 1932. . . . the movements of the United States Fleet are in accordance with the programme arranged before the present political situation developed.'

<sup>2</sup> First Secretary in H.M. Embassy at Washington.

## No. 12

*Sir R. Lindsay (Washington) to Sir J. Simon (Received March 16)*

*No. 402 [A 1602/312/45]*

WASHINGTON, March 4, 1932

Sir,

With reference to my despatch No. 317<sup>1</sup> of the 18th February concerning Philippine independence, I have the honour to transmit to you herewith a copy of the report of the Senate Committee on Territories and Insular Affairs covering legislation on that subject introduced in the Senate during the present Congress.<sup>2</sup> At the end of the report will be found the full text of the Hawes-Cutting Bill (S.3377),<sup>3</sup> which, in an amended form, has been reported favourably by the committee.

2. After the Secretary for War<sup>4</sup> had expressed his disapproval of the introduction of any legislation at the present time for granting independence to the Philippines, the Senate Committee decided to settle their differences in order to present a united front to the general criticisms, which were equally applicable to each of the Bills introduced; and their report betrays a feeling of injured, not to say insulted, innocence at the insinuation that the admittedly self-interested legislators should have been blind both to the general political interests of the United States and to the necessity of fulfilling the moral obligations which have arisen from the political and economic status of the islands during the last thirty years.

3. The value of Mr. Hurley's testimony is disposed of in the first paragraph of the report by the statement that 'virtually every witness' considers any further delay in legislation to be prejudicial to the best interests both of the

<sup>1</sup> Volume IX, No. 499.

<sup>2</sup> i.e. 72nd Congress, 1st Session, *Senate Report No. 354: Philippine Independence.*

<sup>3</sup> See Volume IX, No. 499, paragraph 4 for the views of Senators Hawes and Cutting.

<sup>4</sup> Mr. P. Hurley.

United States and of the Philippine Islands. The way is then clear for an appeal that the question be regarded as one of domestic politics and not considered in the light of United States foreign policy in the Far East, since 'conditions for which we are not responsible and over which we have no immediate control' would not provide an adequate excuse for the abandonment of a 'long-established national policy'. The preface to the report concludes with a frank admission that self-interest has proved a sufficient incentive for 'groups likely to be affected by Philippine independence' to agree not to disagree, coupled with an assurance that such groups would not neglect the duty of freeing the Filipino before legislating against him.

4. The proposals put forward by the Committee and embodied in the amended Bill provide for a 'plebiscite' at which the Filipinos would vote on the independence issue after a fifteen-year period of self-government. During this period the sovereignty of the United States over the islands would be maintained, but its authority in the government would be 'in the nature of reserved powers rather than of actual and affirmative participation'. Such powers would extend to finance, currency, foreign trade, public lands and mines, public order and protection of life, liberty and property. The foreign relations of the islands would be under the control and supervision of the United States. In order to effect the necessary economic readjustments during the period, it is provided that for the first ten years imports into the United States from the Philippines would be admitted free of duty up to their present totals, duty at the full United States rate being payable on any excess. During the next five years an export tax starting at 5% of the United States tariff on like articles imported into the United States from foreign countries, and ultimately reaching 25% by increases of 5% to be made each year, would be levied on all goods which are dutiable on entry into the United States. The proceeds of such tax would be devoted to the retirement of the outstanding indebtedness of the islands.

5. To bring about the constitutional transition the Insular Legislature, if they approve the legislation passed by Congress, would have to call a constitutional convention. A constitution would then be framed and submitted to the President of the United States, who would decide whether it conformed to the provisions of the Act (the relevant details of which are contained in section 2 of the Senate Bill). If the President should be satisfied, the constitution would be submitted to the people of the islands for their ratification or rejection; if they should ratify it, the officials of the Government would be chosen at a subsequent election and the new government, to which the administration of the islands would be transferred by a proclamation by the President of the United States, would be known as the Government of the Commonwealth of the Philippine Islands.

6. For the procedure described in the preceding paragraph, it is estimated that a period of two years would be required. The new government would then function for the 'trial' period of fifteen years, at the end of which and before the seventeenth year, the aforementioned plebiscite would be held to enable the people of the islands to vote on the independence issue in the light

of their experience of self-government during the 'trial' period. If they should vote for independence, a year and a half would, in Senator Bingham's<sup>5</sup> opinion, be required before all the formalities leading up to complete independence could be executed. Thus it is estimated that under the Bill about nineteen years in all would elapse before the islands became entirely free.

7. Should the Filipinos vote against independence in the plebiscite, the islands would revert to the limitations of the ten-year period. If they rejected the original constitution, the islands would revert to their present status and there would be no change, unless Congress should pass further legislation.

8. Should the constitution be accepted, the Governor-General would be succeeded by a High Commissioner, who would represent the United States Government in the islands.

9. To allay the fears of those who see in the abandonment of the Philippines a diminution of the United States authority in the Pacific, it is specifically provided that the United States Government reserves the right to retain its present military and naval bases in the islands and also the right to obtain by lease or purchase, any additional territory at a later date.

10. Pending the grant of complete independence the Philippine immigration quota would be limited to a maximum of 100 per annum.

11. The amended Bill was approved by a vote of 12 to 3 in the Senate Committee, the dissentients being Senators King, Vandenberg and Broussard, of whom Senator King has announced his intention to introduce a Bill for the grant of independence in about three years' time as a substitute for that recommended by the committee.

12. According to reports from Manila, the 'Nacionalista' party has voted unqualified endorsement of the Bill, and Señor Quezon, President of the Philippine Senate, has cabled a message to the members of the Philippine Independence Mission now in Washington urging them to accept it. He went so far as to predict that independence would be attained by the Philippines within two or three years if the present Congress fails to pass this or similar legislation.

13. There has been less comment in the press than might have been expected on the report of the Senate Committee, and no editorials which have come to my notice have been in favour of the Bill. The 'New York Herald-Tribune' delivered a violent attack on the suggestion that Congress should, or even could, alienate United States territory without contravening the Constitution of the United States, claiming that the country's title to the Philippine Islands differs in no essentials from its title to New Mexico, Arizona or California. (In this connection, please see my despatch No. 732<sup>6</sup> of the 25th April, 1931, in which I had the honour to enclose a brief prepared

<sup>5</sup> Chairman of the Senate Committee on Territories and Insular Affairs.

<sup>6</sup> Not printed. This despatch had referred to majority and minority reports on the establishment of complete independence in the Philippine Islands, previously presented to the Senate Committee on Territories and Insular Affairs; for the brief prepared by Mr. D. R. Williams see *71st Congress, 3rd Session, Senate Document No. 328: Philippine Independence* (Washington, 1931).

by Daniel R. Williams and published as a Senate document regarding the question whether an act of Congress withdrawing United States sovereignty over the Philippine Islands would be constitutional). Criticism has also been directed against the provisions of the Bill whereby naval and military bases are retained in the islands as granting nothing more than 'policed independence'.

14. The prospects of the Bill passing Congress are as yet doubtful, more especially in view of the various measures to grant independence in a much shorter period which are now being considered by the House Committee. In addition to this uncertainty about Congressional agreement doubts have been expressed whether the President would be prepared at the present time to sign any proposal that implied early independence. As it stands, however, the Senate Bill is regarded as capable of making a further advance than any legislation of the kind yet proposed.

I have, &c.,  
(For the Ambassador),  
T. A. SHONE

P.S.—I am sending a copy of this despatch to the High Commissioner for the United Kingdom in Canada, and a copy to the Prime Minister at [?] of] Australia, c/o the Dominions Office.

#### No. 13

*Mr. Brenan<sup>1</sup> (Shanghai) to Sir J. Simon (Received March 30)*

*No. 64 [F 2958/1/10]\*<sup>2</sup>*

SHANGHAI, March 4, 1932

His Majesty's consul-general at Shanghai presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit to him copy of despatch No. 103 to His Majesty's Minister, Peking, dated the 4th March, respecting developments since the 1st March in the Sino-Japanese crisis.

ENCLOSURE IN NO. 13

*Mr. Brenan to Sir M. Lampson*

*No. 103*

SHANGHAI, March 4, 1932

Sir,

I have the honour to refer to my despatch No. 95<sup>3</sup> of the 1st March, reporting developments up to that date in the local Sino-Japanese situation.

<sup>1</sup> H.M. Consul-General at Shanghai.

<sup>2</sup> *Note:* Throughout this volume an asterisk after the file number denotes that the document has been printed from Confidential Print, i.e. correspondence printed by the Foreign Office for confidential circulation; see the Preface, p. x.

<sup>3</sup> Volume IX, No. 639, enclosure.

2. The situation changed with dramatic suddenness with the landing of the 11th Japanese Division at Liuho on the morning of the 1st March. This landing, for which the Chinese seem to have been inadequately prepared, exposed the flank of the whole of their position in the Kiangwan area, and, coming on top of the severe bombardment which they had been undergoing during the preceding days, gave the *coup de grâce* to the Chinese resistance.

3. At about 4 p.m. on the 1st March, General Tsai Ting-kai<sup>4</sup> gave the order for the withdrawal of all the Chinese troops to Nanziang, the evacuation to include not only the existing area of hostilities, but also the Chinese city, Nantao and Lunghwa. The forces commenced the withdrawal at about nightfall, and seem to have retreated in fairly good order. The Japanese forces were unaware that the withdrawal had commenced until the following morning, when they launched a heavy attack in the Kiangwan area, only to find that most of the defenders had disappeared. They followed up the retreating forces as soon as possible, and seem, in the early stages at all events, to have inflicted severe punishment. The Japanese estimate that the Chinese lost 1,800 killed alone in the morning of this day.

4. By nightfall on the 2nd March, the 19th Route Army was concentrating in and around Nanziang, where it seemed that there was some intention of putting up further resistance. If this was so the intention was short-lived, for, with the Japanese pressing hard on their heels, on the following day, the 3rd March, they were again retreating in the direction of Quinsan, where General Tsai had established his headquarters.

5. The Chinese garrison in Woosung was the only section of the Chinese forces which had not obeyed the order to withdraw. The forts and the village were accordingly subjected to heavy bombardment in the early morning of the 3rd March, whereafter they were occupied without much difficulty by a frontal attack, and by 8 a.m. the Japanese flag was flying over both the forts and the village. The remnants of the Chinese garrison were allowed to escape, and they disappeared in the direction of Liuho.

6. By midday on the 3rd March the Japanese had occupied Nanziang, and had thus cleared the Chinese forces out of the 20-kilom. zone referred to in the Japanese ultimatum of the 18th February. Thereupon the order to cease fire was given, and no further attempt was made to follow up the retreating Chinese forces. Declarations were made at about 1.30 p.m. by both General Shirakawa, commanding the Japanese military forces, and Vice-Admiral Nomura, commanding the naval forces, to the effect that, the Chinese forces having now retreated to positions beyond the distance originally requested by the Imperial forces, and the safety of Japanese residents being reassured, the Japanese forces had been ordered to halt and to stop fighting, provided the Chinese forces did not resort to further hostile actions. Copies of these two declarations<sup>5</sup> are enclosed. In the course of the evening it was also officially announced that General Chiang Kwang-nai<sup>6</sup> had also issued orders

<sup>4</sup> Commander (under General Chiang Kwang-nai, see note 6) of the Chinese 19th Route Army.

<sup>5</sup> Not printed.

<sup>6</sup> Commander-in-Chief of Chinese garrison forces in the Shanghai-Nanking areas.

to all the Chinese forces to cease hostilities against Japanese troops unless further attacked by them. The position at the moment is, therefore, that the hostilities have ceased because the Japanese have attained their objective, but there is no truce by agreement, and all negotiations to this end have failed.

7. At this point I must retrace my steps a short distance. It will be remembered that on the 29th February the Japanese consul-general had notified the mayor that, if the Chinese military continued to use the railways for the purpose of concentrating reinforcements, the Japanese might be obliged to destroy the railway lines on or after the 2nd March. At daylight on the 2nd March Japanese aeroplanes, in fulfilment of this threat, attacked and destroyed a portion of the Shanghai-Nanking Railway track near Quinsan. No attack was, however, made on the Shanghai-Hangchow line, presumably because by this time it had been appreciated that the Chinese forces were withdrawing.

8. On the afternoon of the 1st March fires broke out in Chapei. Whether they were started by the Chinese themselves or whether caused by Japanese incendiary bombs is uncertain. At any rate, they spread with some rapidity, and by the afternoon of the following day a very large area of Chapei was involved in the conflagration. The actual area destroyed is still not known, but seen from the consulate the line of fire appeared to be over a mile in length and of considerable depth.

9. With the cessation of hostilities the situation in and around the settlement is rapidly returning to normal. Yesterday the Japanese commenced to remove all barbed wire barriers blocking the ends of roads in Hongkew. To-day, for the first time, foreigners are being permitted to pass freely in and out of the North Szechuen Road-Dixwell Road area, and the municipal police are resuming control on the municipal roads in that area. The Japanese, who are in control of the rest of the Chapei-Paoshan district, state that it is not yet safe for foreigners to return there owing to the possible presence of unexploded Chinese mines, &c., but that it will be opened as soon as the marines have cleared it.

10. It may be some time before it is considered advisable to cancel the state of emergency which still remains fully in force, and it will probably be necessary for the defence forces to continue to guard their respective perimeters until the situation calms down and arrangements are made for the policing of the evacuated area. This question is receiving the attention both of the Defence Committee and of the Municipal Council.

11. Except for small patrols engaged in clearing up snipers, the Japanese have restricted their operations to the area north of the Soochow Creek, and no attempt has been made to occupy the Chinese city, Nantao and Lunghwa. These districts are still patrolled by the police of the Bureau of Public Safety, which seems at the moment to be the only department of the municipality which is functioning.

12. In anticipation of a Japanese occupation, two train-loads of machinery from the Kiangnan and Lunghwa arsenals were sent to Hangchow on the



2nd March. The Woosung-Shanghai Garrison Commander's Headquarters at Lunghwa were also abandoned, the staff being dismissed with small gratuities.

I have, &c.,  
J. F. BRENNAN

## No. 14

### *Record of a Meeting at Shanghai on March 4, 1932<sup>1</sup>*

[F 3525/1/10]

*Confidential*

SHANGHAI, March 4, 1932

#### *Daily Meeting with Colleagues<sup>2</sup>*

Present: H.M. Minister  
The American Minister  
The French Minister<sup>3</sup>  
The Italian Chargé d'Affaires<sup>4</sup>  
Mr. Teichman<sup>5</sup>

Sir Miles Lampson explained at Mr. Kuo Tai-Chi's<sup>6</sup> request how he, Mr. Kuo, had found it quite impossible to keep in touch with all four foreign representatives, and had therefore begged H.M. Minister to keep the latter fully informed.

Continuing Sir Miles Lampson said he had just seen Mr. Kuo who had imparted to him the following information.

A telegram had been received from Mr. Lo Wen-kan<sup>7</sup> giving the comments of the Chinese Government on the Japanese proposals. In part this telegram was out of date as it had been sent before the Japanese Army had completed its advance and sounded the cease fire. (As a matter of fact hostilities had not ceased according to Mr. Kuo; at 4 p.m. the day before the Japanese were still attacking in the neighbourhood of Liu Tai Tsang and Tazang and also at the moment near Nanziang.) Sir M. Lampson then read out, very confidentially, the gist of Dr. Lo's telegram objecting to the Japanese proposals—see summary marked 'A' attached.<sup>8</sup>

<sup>1</sup> A copy of this record was received in the Foreign Office on April 19 under Shanghai formal covering despatch No 75 of March 9.

<sup>2</sup> Since his arrival in Shanghai on February 12, Sir M. Lampson had held daily meetings each morning in his office with his U.S., French, and Italian colleagues; cf. Volume IX, No. 444. Detailed records of these meetings do not appear to have been sent regularly to the Foreign Office, but, for the period March 3–May 4, they were received fairly frequently; some of these are printed below, see e.g., Nos. 37, 91, 126, 136, 158, and 319.

<sup>3</sup> M. A. Wilden.

<sup>4</sup> Count Galeazzo Ciano.

<sup>5</sup> Chinese Secretary in H.M. Legation at Peking.

<sup>6</sup> Chinese Vice-Minister for Foreign Affairs. Cf. No. 3, note 2.

<sup>7</sup> Chinese Minister for Foreign Affairs.

<sup>8</sup> Not printed. This summary corresponded closely to paragraph 3 of No. 7 and concluded: 'Please consider above comments and try press Kelly and Lampson for good offices.'

Mr. Kuo Tai-chi had summed up the position by saying that there was nothing more doing on the Chinese side here, in China, at present: any further steps would be taken in Geneva: the Chinese side would do nothing more unless and until the Japanese withdrew: the Chinese could not neogitiate [*sic*] with the Japanese in occupation of so wide an area. This would, he believed, be made clear by Dr. Yen<sup>9</sup> at Geneva. The Chinese regarded all this Japanese talk about the 'cease fire' as a smoke screen or gesture to keep Geneva quiet during the meeting of the Assembly. When that was over and all the publicity had died down, they would doubtless go ahead again.

Sir M. Lampson then proceeded to read a document communicated by Mr. Kuo being a telegram dated March 3rd from Dr. Yen at Geneva giving the text of his letter to M. Boncour—see enclosure marked 'B' attached.<sup>10</sup>

Sir M. Lampson said there seemed to be nothing more the foreign representatives could do for the moment but await developments. The Colleagues concurred.

Mr. Johnson said a telegram, now being decyphered, had just reached him from the State Department,<sup>11</sup> the general sense of which was, he understood, that the latter wanted to know more about the Conference and its agenda before instructing him to participate. Count Ciano said he had received instructions from his Government instructing him to keep in close touch with his colleagues and to participate in any conference that might be arranged. Sir M. Lampson said he had as yet received no instructions to participate. Mr. Johnson referred with some annoyance and indignation to a statement recently put out by the Japanese Press Union (the Japanese semi-official propaganda agency) to the effect that the British, American, French and Italian representatives were to participate in a conference to take place in a day or two, the Japanese and Chinese representatives being also named; the Japanese seemed to think, Mr. Johnson added, that the foreign Ministers were sitting in Shanghai, waiting to be made use of by them, the Japanese.

M. Wilden said he had received a telegram from his Government enquiring who the Chinese Government's accredited representative in Shanghai was, and that he had replied giving Kuo Tai-chi's name.

M. Wilden added that he had been requested by the Chinese Government to seek the agrément of his Government for Dr. Koo<sup>12</sup> as Minister to Paris. He had but recently done the same thing for Dr. T. V. Soong.<sup>13</sup>

In conclusion Sir M. Lampson informed his colleagues, in the strictest confidence, of the informal meeting between Mr. Kuo Tai-chi and Mr.

<sup>9</sup> Chinese Minister to the United States, and, concurrently, Chinese delegate to the Assembly, and member of the Council, of the League of Nations.

<sup>10</sup> Not here printed. This letter is printed in *L/N.O.J.*, March 1932, p. 928.

<sup>11</sup> Printed in *F.R.U.S. Japan 1931-1941*, vol. i, p. 208.

<sup>12</sup> Dr. Wellington Koo was at that time the Chinese Assessor attached to the League of Nations Commission of Enquiry into the Sino-Japanese dispute (cf. No. 33 below, note 4).

<sup>13</sup> Chinese Minister of Finance and Vice-President of the Executive Yuan. Cf. Volume IX, No. 126.

Shigemitsu<sup>14</sup> in his, Sir M. Lampson's, presence the night before at the residence of H.M. Consul-General and of what had passed.

Mr. Johnson enquired whether there was anything to discuss in connection with the Chinese request for the suspension of Boxer Indemnity payments.<sup>15</sup> The attitude of the American Government was that, if the other Governments concerned agreed, they, the U.S. Government, were not disposed to raise any objection to the proposed postponement, provided they received written assurances that the objects to which the funds were being devoted would not suffer. Sir M. Lampson said he was still without instructions from his Government and he recounted how the Chinese Government had failed to pay the last instalment on due date, but had promptly paid up in response to his immediate representations. Count Ciano said that his Government were still studying the matter; they were disinclined to agree to suspension since it might be difficult to get the Chinese to start paying again; but they, the Italian Government, might perhaps explore the possibilities of reaching some agreement with the Chinese by which the instalments would be handed back to China after being paid.

M. W. L[AMPSON]      E. T[EICHMAN]

<sup>14</sup> Japanese Minister to China. For this meeting see Nos. 3 and 7.

<sup>15</sup> See Volume IX, No. 406, for this Chinese request in connexion with the indemnity due to the foreign powers under the terms of the Final Protocol of Peking of 1901, printed in *British and Foreign State Papers (B.F.S.P.)*, vol. 94, pp. 686-715.

## No. 15

*Sir R. Vansittart to Mr. Patteson (Geneva)*

*No. 264 L.N. Telegraphic: by telephone [F 2175/1/10]*

*Most immediate*

FOREIGN OFFICE, *March 5, 1932, 9.30 a.m.*

Following for Secretary of State.

Following received by Admiralty from Commander-in-Chief, China.

Your telegram of 4th March.<sup>1</sup> I have seen French and Italian Commanders-in-Chief this Saturday morning. They have received no instructions up to the present. Owing to distance of front and length of time details not yet available but following is preliminary report from me and officially confirmed by Japanese Naval and Military. Since 14.00, 3rd March, one more regiment of the 11th Division has been landed at Liuho thus completing this Division. Fourteenth Division on their way will probably land at Wusung on arrival. All main operations have ceased but there has been occasional firing both rifle and machine gun and a few rounds of Artillery especially in Nanziang district.<sup>2</sup> Military Attaché is proceeding to Nanziang

<sup>1</sup> The reference was probably to the telegram sent from the Admiralty to Admiral Sir H. Kelly in accordance with Sir John Simon's request in No. 4.

<sup>2</sup> Colonel G. Badham-Thornhill, the British Military Attaché in China, further reported in Shanghai telegram No. 46 of even date to Sir John Simon at Geneva: 'Japanese maintain that continued landing at Liuho and vicinity, which they admit, is a natural corollary of a

this afternoon Saturday and a Military Staff Officer to Kiangwan area to report. 1231/5.<sup>3</sup>

movement which was in progress before cease fire went. 2. Chinese state attacks are in progress by Japanese all along the front and that further landing of troops at Liuho (Deer Creek) took place morning of March 4th.' Cf. No. 8.

<sup>3</sup> Sir J. Simon communicated the substance of this report to the General Commission of the Assembly of the League of Nations on March 5; see *L/N.O.J.*, *S.S. No. 101*, pp. 46-47.

## No. 16

*Mr. Patteson (Geneva) to Sir R. Vansittart (Received March 5, 11.50 a.m.)*  
*No. 110 L.N. Telegraphic [F 2163/1/10]*

GENEVA, March 5, 1932, 11.20 a.m.

Following from Secretary of State.

Committee of Assembly met this afternoon.<sup>1</sup> Chinese delegate had circulated reports stating that Japanese troops had renewed attack during the night in spite of the fact that it had been announced that Japanese troops had been ordered to cease fire at 2 p.m. Japanese delegate replied that Japanese troops had been attacked by Chinese irregulars and had returned fire. I had to point out to Chinese delegate that he had not, as he implied, informed Assembly yesterday that Chinese had given order to cease hostilities and of fact that communication<sup>2</sup> since received from him showed that order had been given at midnight or 5 p.m. Geneva time while he was actually addressing the Assembly. We might therefore instead of regretting that any assurances had been broken congratulate ourselves that some progress had been made.

In reply to suggestion by Secretary-General,<sup>3</sup> I and French and Italian delegates undertook to arrange that our representatives on the spot should report on actual conditions in regard to the cessation of hostilities (see my telegram No. 109).<sup>4</sup> American Minister, who was watching the discussion, has informed me that he has sent similar request for report from United States commander.<sup>5</sup> It is probable that a joint report will be made.

Chinese delegate then read out a telegram reporting fresh arrivals of Japanese troops totalling 35,000 men and landing at a point 40 miles west of Shanghai. Japanese delegate said that these reinforcements had been decided on some days ago in accordance with military requirements.

President<sup>6</sup> observed that in any case principal concern of the Assembly was to prevent further bloodshed and suggested that during a short adjournment bureau might frame a resolution to be submitted to the committee.

<sup>1</sup> This telegram was drafted on March 4. For the official minutes of this meeting of the General Commission of the Assembly of the League of Nations, and of the ensuing plenary meeting of the Assembly on the same day, see *L/N.O.J.*, *S.S. No. 101*, pp. 38-44.

<sup>2</sup> Printed *ibid.*, p. 220.

<sup>3</sup> Of the League of Nations: Sir Eric Drummond.

<sup>4</sup> No. 4.

<sup>5</sup> Cf. No. 9, note 9.

<sup>6</sup> M. Hymans.

This resolution as submitted to the committee recalled the suggestions made by the Council on February 29th<sup>7</sup> and without prejudice to other measures therein envisaged called upon both governments to take measures to ensure that orders for the cessation of hostilities be made effective, requested Powers having special interests in Shanghai to inform the Assembly in regard to the execution of these measures and recommended that negotiations be entered into by parties with assistance of representatives of the said Powers for the conclusion of arrangements to render definite cessation of hostilities and (regulate withdrawal of Japanese forces).<sup>8</sup> French text of this resolution provided for regular [?regulating] 'modalités' of withdrawal of Japanese forces. To this Japanese representative took exception. He wished to insert 'the conditions and modalités'. It was clear that he wished to make withdrawal depend on condition of 'security' that Japanese have constantly urged. It was pointed out that word 'modalités' was superfluous and difficulty might be overcome by adopting English text especially as 'regulation' was dependent on 'arrangements' to be made by 'negotiations' to be conducted on the spot. I accordingly moved the adoption of the English text and Japanese delegate agreed not to oppose this. Resolution was thus carried in committee which then went through formality of resolving itself into plenary Assembly.

In the interval I appealed privately to Japanese delegate to vote definitely for the resolution and when the Assembly met and a vote was taken by roll-call everybody including the Japanese delegate voted for it.

By way of comment, I must add that I think this is the first time at Geneva that Japanese have receded an inch from a position once taken, since the meeting was obviously against Japanese and I cannot help thinking pressure of opinion induced him to give way. What effect this may have locally on the present dispute I cannot say, but I think we had a demonstration of the effect which pressure of public opinion might have on disputants more susceptible to that form of persuasion.

Repeated to Shanghai and Tokyo.

<sup>7</sup> See No. 55 below, enclosure 1; cf. No. 9.

<sup>8</sup> Parentheses as in original text.

## No. 17

*Mr. Ingram (Nanking) to Mr. Brenan (Shanghai)*

*No. 63<sup>1</sup> Telegraphic [F 2170/1/10]*

NANKING, March 5, 1932

Following for His Majesty's Minister.

Your telegram No. 142 to Foreign Office.<sup>2</sup>

According to Minister for Foreign Affairs attitude of Chinese government

<sup>1</sup> Repeated to Geneva whence it was repeated unnumbered to the Foreign Office at 1.20 p.m. (received at 2.5 p.m.) on March 5.

<sup>2</sup> Volume IX, No. 648.

towards basic condition[s] of immediate cessation of hostilities as communicated to Chinese through your mediation is as follows:—

2. Article 1. China alone should be given assurance<sup>3</sup> is regarded as unequal condition. Otherwise as intimated by Kuo Tai-chi Chinese government are prepared to discuss truce on basis of this article independently of other three articles—see your telegram No. 145 to Geneva [Foreign Office]<sup>4</sup> since received.

3. Article 2. Chinese government are not prepared to hold conference suggested so long as Japanese hold existing military position and will only agree to it once stages of simultaneous and mutual evacuation on lines proposed on H.M.S. 'Kent'—see Commander-in-Chief's telegram No. 759 paragraph 4<sup>5</sup>—are effected. As regards scope of conference it is too vague and until agenda are specified China is not prepared to enter into it.

4. Article 3. Fact that Chinese troops have already withdrawn is not due to any political demands put forward by Japan in connexion with truce but was voluntary and dictated by exigencies of military situation. As regards 'ascertaining' the withdrawal, if withdrawal on H.M.S. 'Kent' basis is ascertained by third parties, China has no objection but refuses unilateral ascertainment by Japanese. The phrase specifying withdrawal 'to Shanghai Woosung areas' is unacceptable unless governed by strict interpretation of 'Kent' proposals.

5. Article 4. Chinese government in view of past experience and misuse of settlement by Japanese regard this proposition as one sided in that advantage lies with Japanese so long as Chinese maintain respect for settlement which continues to be their avowed policy.

6. Minister for Foreign Affairs states that as soon as military arrangements necessitated by withdrawal of Chinese troops have been completed and tired troops have been replaced Chinese government reserve to themselves complete liberty of action unless truce on basis of 'Kent's' proposals has in the meanwhile been effected.

Repeated to Geneva, Tokyo, Peking and Commander-in-Chief.

<sup>3</sup> The preceding three words were questioned in the Foreign Office. Another text of the telegram here read: 'That China alone should give assurance.'

<sup>4</sup> See Volume IX, No. 660.

<sup>5</sup> For the general sense of this telegram (not printed) see the latter part (beginning 'On the following day, February 28th') of paragraph 24 of No. 25 below. The present reference to paragraph 4 of Admiral Sir H. Kelly's telegram was textually uncertain in the Foreign Office; it was, however, taken to refer to the following passage in particular: 'Japanese are to withdraw to settlement and Hongkew Salient or as near same as large number of troops who will be involved can be quartered. Temporary evacuation of Woosung was accepted by Chinese but question of final demilitarisation of (? fort) would be decided by main peace conference. Japanese almost raised question of demilitarisation of whole twenty kilometres zone but were checked. Variety of proposals were put forward including ten miles which sounds less than twenty kilometres. Alternatively Chinese to withdraw to Chen(??) Japanese to Settlement, then Chinese (?to) Naziang [Nanziang] until Japanese embarkation then to Suchow and Nanking. . . '

No. 18

*Mr. Ingram (Nanking) to Mr. Brennan (Shanghai)*

*No. 64<sup>1</sup> Telegraphic [F 2171/1/10]*

NANKING, March 5, 1932

Following for His Majesty's Minister.

My immediately preceding telegram.<sup>2</sup>

Minister for Foreign Affairs is anxious it should be clearly understood that China's acceptance of the Boncour proposals is entirely conditional upon cessation of hostilities on the basis agreed on H.M.S. 'Kent' particularly in respect of mutuality and simultaneity in stages laid down in paragraph 4 of Commander-in-Chief's telegram No. 759<sup>3</sup> paragraph 4 [*sic*]. Once this is achieved China is prepared to accept proposals 'recognising that safety of the International Settlement and French Concession is essential to the maintenance of peace in and around Shanghai and on understanding that this conference is concerned only with the restoration of peace in Shanghai and that all questions arising out of Sino-Japanese conflict in any part of China will be settled in accordance with procedure invoked by China before the League'.

2. The words quoted above are text of instructions to Yen and Minister for Foreign Affairs added China's participation in conference must be subject to agreement between participating Governments (including China) as to its agenda.

Repeated to Peking, Geneva, Tokio, Commander-in-Chief and Foreign Office.

<sup>1</sup> Repeated to Geneva whence it was repeated unnumbered to the Foreign Office at 1.20 p.m. (received at 1.25 p.m.) on March 5.

<sup>2</sup> No. 17.

<sup>3</sup> See No. 17, note 5. At the 'daily meeting' with his colleagues (cf. No. 14, note 2) on March 5, Sir M. Lampson 'raised the point that the Chinese had made a false step in trying to be too clever and maintaining that an agreement had been reached in the "Kent"'. A record of this meeting was received in the Foreign Office on April 18 as enclosure in Shanghai despatch No. 73 of March 8.

No. 19

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 58<sup>1</sup> Telegraphic [F 2169/1/10]*

TOKYO, March 5, 1932

Sir M. Lampson's telegram No. 150<sup>2</sup> to Foreign Office.

I agree with appreciation of situation in first part of last paragraph, of which 49 figure groups are undecypherable (Shanghai please repeat).

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 157 to the Foreign Office, where it was received in a corrupt state at 4.30 p.m. on March 5. The present amended text was received in the Foreign Office at 9.30 a.m. on March 8.

<sup>2</sup> No. 7.

Japanese have military ascendancy and will use it to attain their objects in Shanghai.

We do not believe in Japan acquiescing in stalemate now any more than she did before. (See my telegram No. 51 of December 9th to Paris)<sup>3</sup> and if Chinese refuse to meet them Japanese will put on the screw on [in] some way which may well make position of the Powers more difficult even than it is at present. Moreover Japanese appetite in China is likely to grow rather than diminish as their expenditure and sacrifices rise.

It is in the light of these considerations as well as the rights and wrongs of the case that the attitude of His Majesty's Government towards Shanghai conference must be decided.

Repeated to Shanghai.

<sup>3</sup> See Volume VIII, No. 823, note 6.

## No. 20

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 5, 5.55 p.m.)*  
*No. 153 Tour. Telegraphic: by wireless [F 2166/1/10]*

SHANGHAI, March 5, 1932

Shanghai situation.

The five British members of Municipal Council of International Settlement called on me to-day<sup>1</sup> to represent their views with special reference to proposed round table conference.

2. According to the Chairman principal object of visit was to represent that Council considered it of the first importance that they should have a representative at conference and to ascertain how they were to put their wishes before Geneva. After explaining to them that it was as yet by no means certain that China would agree to any conference and that I was still without instructions in the matter we discussed practical difficulties (which they had not apparently in any way considered even amongst themselves) of representation for a body which included Chinese and Japanese members not to mention Americans. I said that all I could do for the moment was to report their representations to you.

3. Rest of a lengthy and at moments somewhat heated interview was taken up with a discussion of grievances of Council against Chinese and of desire from the point of view of its British members [of] seizing this opportunity to secure settlement of outstanding questions especially those connected with outside roads, policing of extra settlement areas etc. and reorganisation of district court into an International Court. I explained my fears that Chinese if they went into a conference at all would be unlikely to yield anything which perpetuated or extended foreign control and my presumption that little or nothing would be secured from them unless the other Powers including ourselves and America concerned were prepared to join Japanese in

<sup>1</sup> This telegram was evidently drafted on March 4, the day of this conversation.



*dictating* terms. From the tenour of the discussion it was evident that that was precisely what the British members wanted i.e. a satisfactory measure of settlement extension to be if necessary extorted by pressure from the Chinese. I have reason to believe that this to my mind short sighted view is largely held amongst British community in Shanghai.

4. I warned my hearers of the necessity in the long run of remaining on terms with Chinese but doubt if my words had any effect beyond confirming their belief that I am a hopeless weakling.

5. His Majesty's Consul-General who was also present put forward at my request his views namely that while we must be careful not to be fooled and made tools of by the Japanese we might advantageously go into a conference with a watching brief and seek any opportunity that might arise, in the event of the Chinese turning to us for support against Japanese, to explore the possibilities of a comprehensive solution along the line of some modified form of settlement extension more palatable to the Chinese or even of some form of joint Chinese foreign municipality for the whole of greater Shanghai as discussed some years ago. Admitting force in this view I fear there is little if any likelihood of Chinese being in a hospitable mood to consider any such solution on lines acceptable to British interests concerned not to mention Japanese (see my telegram No. 44 to Geneva).<sup>2</sup>

Repeated to Mission and Tokyo.

<sup>2</sup> See Volume IX, No. 643. At the meeting on March 5 of the British, U.S., French, and Italian diplomatic colleagues in Shanghai, according to the record received on April 18 (cf. No. 18, note 3), 'Mr. Johnson started a discussion concerning the attitude of the foreign community towards the present situation and the proposed conference, i.e., the general desire to seize the opportunity to secure a settlement of the outside roads controversy, and other questions outstanding between the Municipal Council and the Chinese. Mr. Johnson referred to the difficulties he was having with some of the American community, which closely resembled the difficulties Sir M. Lampson was having with his people. Sir M. Lampson explained how he had impressed on the British members of the Municipal Council the importance of bearing in mind that the consent of the Chinese would be necessary to any new arrangements. The Colleagues entirely concurred. All sorts of difficult questions were going to arise, in connection with the control of Chapei, etcetera. For instance, the Japanese might ask the Council to take over charge. Mr. Johnson said the latter should in that case only do so with the consent of the Chinese Authorities. Nothing should be forced on the latter without their consent. Monsieur Wilden said that his people wanted to take back the recently rendited French "Mixed Court", which he regarded as absurd; and he added that the sooner they, the foreign representatives, all got out of Shanghai the better.'

## No. 21

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 5, 9.20 p.m.)*  
*No. 155 Tour. Telegraphic: by wireless [F 2168/1/10]*

SHANGHAI, March 5, 1932

Admiral Nomura has at Commander-in-Chief's request communicated to him what purports to be 'full Japanese text' of Japanese terms embodied in my telegram No. 142.<sup>1</sup> This as translated by Commander-in-Chief's staff

<sup>1</sup> Volume IX, No. 648.

gives basic conditions without any alterations of substance but includes preamble which refers to voluntary promise given by Mayor of Shanghai on January 28th regarding cessation of anti-Japanese movements<sup>2</sup> and states that 'together with commencement of deliberation in connexion with cessation of war Japanese of course demand enforcement of an effective and reliable prohibition of all anti-Japanese movements.' The same preamble also appears in communiqué issued by Japanese consulate on afternoon of March 3rd (communiqué 5 of that day).

2. As Chinese have rejected the terms as communicated to them (see Commander-in-Chief's telegram No. 772 to Admiralty)<sup>3</sup> the point may not be of immediate importance. The insertion of what amounts to a fresh condition for the opening of negotiations indicates once more the necessity for extreme caution in any further dealings we may have with them as middlemen. My misgivings in this regard have been further strengthened by certain half hints Japanese Minister has let drop that Japanese 'basic principles' of March 3rd may prove to be only the outline of full Japanese irredentist desiderata which I more than suspect will include such things as permanent dismantling of Woosung and Shitzeling forts at the mouth of the Wangpu River.

Repeated to Mission and Tokyo.

<sup>2</sup> See *ibid.*, No. 147.

<sup>3</sup> See *ibid.*, No. 648, note 3.

## No. 22

*Mr. Ingram (Nanking) to Mr. Brenan (Shanghai)*

*No. 66<sup>1</sup> Telegraphic [F 2172/1/10]*

NANKING, March 6, 1932

My telegrams Nos. 63 and 64.<sup>2</sup>

*Confidential.*

Following for His Majesty's Minister:—

Belgian Chargé d'Affaires who has come to Nanking to maintain contact with Minister for Foreign Affairs owing to Monsieur Hymans' presidency of Assembly, confirms attitude of Waichaiopu [*sic*]<sup>3</sup> as analysed in my telegrams under reference. He received however last night a letter from Hsu Mo<sup>4</sup> asking him to tell Hymans that 'China ardently desired truce but Japan must first withdraw her troops.'

2. Belgian Chargé d'Affaires thinks the vagueness of the last phrase offers considerable scope for military on both sides to arrange the details of a truce but has the impression that without third party intervention neither side will accept formulas drawn up by the other.

<sup>1</sup> Repeated to Geneva whence it was repeated unnumbered to the Foreign Office at 10.25 a.m. (received at 11.45 a.m.) on March 6.

<sup>2</sup> Nos. 17 and 18.

<sup>3</sup> The Waichaiopu was the Chinese Ministry of Foreign Affairs.

<sup>4</sup> Chinese Administrative Vice-Minister for Foreign Affairs.

He argues that invidiousness of intervention regarding details of truce is less for the League of Nations than for any individual Power and believes the present intransigent attitude of Waichaiopu towards Japanese formula as indicated in Minister for Foreign Affairs' conversation with me yesterday is due to latter's fear that we might otherwise convey to the Japanese the impression that China was weakening.

Repeated to Tokyo, Commander-in-Chief, Peking, Geneva and Foreign Office.

### No. 23

*Mr. Patteson (Geneva) to Sir R. Vansittart (Received March 6, 1.40 p.m.)*

*No. 114 L.N. Telegraphic [F 2165/1/10]*

GENEVA, March 6, 1932, 12.45 p.m.

(? Following from Mr. Cadogan, omit[ted]).<sup>1</sup>

After an exchange between Japanese and Chinese delegates as to accuracy of information given to the committee by the latter on Friday,<sup>2</sup> French delegate announced that he had received a telegram to the effect that hostilities had, in fact, ceased on Friday at 2 p.m. I gave summary of latest provisional information which I had received and President then suggested there was nothing to be gained by arguing in absence of final and definite information and opened the discussion on the whole question of the dispute.

During the morning and afternoon sittings some fifteen delegates spoke. Spanish and Norwegian delegates were the only representatives of the council Powers who took part.

General sense of speeches was that whatever the merits of the dispute—and most of the speakers expressly reserved judgment on this point—use of armed force whether termed war or not and military occupation of territory of another member of the League was reprehensible. It was implied that the League had failed in its first duty of preventing violence and apprehensions were expressed as to the effect that this would have on the influence of the League and value of the covenant. Some regret was expressed that the League had not at its disposal sufficient means of enforcing its will (Czechoslovak delegate even cast a longing eye at the French scheme for an international police).<sup>3</sup> Several speakers urged that it was better in effect that in the present case the particular difficulties made it impossible for the League to apply its principles rather than to condone their violation.

<sup>1</sup> This telegram was evidently not from Mr. Cadogan, Secretary-General to the British delegation to the Assembly of the League of Nations, but from Sir J. Simon, and records the meetings of the General Commission of the Assembly of the League of Nations held on March 5, 1932. The official minutes thereof are printed in *L.N.O.J., S.S. No. 101*, pp. 44-58.

<sup>2</sup> March 4, see No. 16.

<sup>3</sup> Among the proposals submitted to the Disarmament Conference by the French delegation on February 5, 1932, had been one for the creation of a permanent international police force composed of contingents from each of the Contracting Parties to a Disarmament Convention; cf. Volume III, p. 506, and Volume IX, No. 508, note 4.

Danish delegate regretted that the treaty for strengthening means of preventing war<sup>4</sup> was not in force whilst the Greek delegate implied that Geneva protocol<sup>5</sup> if it had been in force might have averted conflict. Spanish delegate demanded definitely that evacuation should precede negotiations.

Czechoslovak delegate made a balanced speech in which he recognised that there might have been provocation though he urged that no nation had the right to take the law into its own hands.

There was no direct talk of sanctions. Swiss delegate said 'The Great Powers have a great role to play. We, the small powers, can mobilise moral force. The Great Powers have other means at their disposal and I trust it may not be necessary to employ them.'

On the whole seeing that it was a 'day out' for less responsible members of the assembly talk might have been more inflammatory. But there is no doubt emphasis put upon the necessity of averting further bloodshed and of arresting operations of troops on foreign soil will make it more difficult to ignore any further blatant disregard by Japan of exhortations which have been addressed to her.

<sup>4</sup> The General Convention to improve the means of preventing war, approved by the Assembly of the League of Nations on September 26, 1931, is printed in *L/N.O.J., S.S. No. 93*, pp. 241-3.

<sup>5</sup> The protocol for the pacific settlement of international disputes, adopted by the Assembly on October 2, 1924, but not brought into force, is printed as item No. 3 in Cmd. 2273 of 1924.

## No. 24

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 48<sup>1</sup> Telegraphic [F 2174/1/10]*

SHANGHAI, March 6, 1932

Your telegram No. 109 to Foreign Office<sup>2</sup> and my telegram No. 46.<sup>3</sup>

*Most Confidential.*

Military Attaché reports 10 a.m. March 6th as follows:—

Accompanied by Japanese Military Attaché I visited the front yesterday afternoon. Troops of both sides are still in contact and skirmishes have occurred during the last few days notably at Huangtu on railway. Chinese have now retired from this point which the Japanese have occupied.

2. Japanese line now runs Liuho-Lutung, one mile west of Kiating-Huangtu, thence bending east covering Chenju till the line [? of the] Suchow Creek is reached. Skirmishes, reconnaissances and minor engagements were taking place. Units occupying a new front would find it necessary from a military point of view to put in hand . . .<sup>4</sup> to ensure their safety. I found 11th and 9th Divisions with headquarters at Liuho and Nanziang respectively

<sup>1</sup> Repeated unnumbered from Geneva to the Foreign Office at 6.55 p.m. (received at 8 p.m.) on March 6.

<sup>2</sup> No. 4.

<sup>3</sup> See No. 15, note 2.

<sup>4</sup> The text is here uncertain.

holding a front over 21 miles an impossible feat under ordinary circumstances but Japanese best know psychology of the enemy they have opposed to them.

3. Japanese are accepting big risks, railway is not yet in operation and they have just begun to . . .<sup>4</sup> bad roads. Fine weather has been their best ally throughout present operation.

4. Chinese liaison officer in Shanghai asked . . .<sup>5</sup> yesterday exactly what fighting has occurred since Japanese ordered the cease fire, states that he has messages: (a) that fighting was in progress at Lutung five miles northwest of Kiating. This report is correct as Japanese now occupy this place. (b) that Japanese landed troops on March 4th at Luhochen on Laoliu River higher up the Yangtse than Liuho and 62 kilometres north west of Shanghai. This may or may not be true but there are signs that the 14th Division is now very close.

Ends.

5. I trust that if the substance of any of the above is quoted Military Attaché will not be mentioned as the source. See my telegram No. 100 to the Foreign Office,<sup>6</sup> otherwise his position will be seriously compromised.

Repeated to Foreign Office, Tokyo, Peking, Mission.

<sup>4</sup> The text is here uncertain.

<sup>5</sup> The text is here uncertain. Another text of the telegram here read: 'in Shanghai, asked to mention yesterday'.

<sup>6</sup> Volume IX, No. 543.

## No. 25

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 8)*

*Unnumbered [F 3275/1/10]*

SHANGHAI, March 6, 1932

Sir,

I have the honour to submit the following report, in continuation of my despatch, dated Shanghai February 21st,<sup>1</sup> on subsequent developments in the Sino-Japanese conflict. This report covers roughly the period of the major fighting between the Chinese and Japanese forces in the neighbourhood of Shanghai from February 20th down to the cessation of hostilities on March 3rd.

2. At the time my despatch above referred to was written the Japanese military Authorities had just launched their offensive on the morning of February 20th, shortly after the expiration of their ultimatum. The attack had been made, not in Chapei, but in the Kiangwan area, to the north of, and well away from, the International Settlement. The Japanese plan of operations soon became apparent, namely, to cross the Shanghai-Woosung Railway, which was not seriously held by the Chinese, and attack on a line running north-west from Kiangwan to the village of Mauhung (Miao-hang-

<sup>1</sup> Volume IX, No. 536.

chen), and then, pivoting on Kiangwan, to swing round their right to the South, and thus envelop the Chinese, who were holding a line running roughly from Chapei to Tazang (Ta-ch'ang), and covering their headquarters at Chenju, on the Shanghai-Nanking Railway. The forces at the disposal of Lieutenant-General Uyeda for this operation consisted of the marines of the original landing party, the mixed brigade which had been subsequently landed, and the newly-arrived 9th division, a total of some 22,000 men in all. A fortnight later there were more than twice that number of Japanese troops in the field.

3. The detailed course of the hostilities which ensued will be reported on by the Military Attaché, and it will suffice here to state that the Japanese Staff found that their forces were insufficient for this operation and that for more than a week they made little progress against the determined resistance of the 19th Route Army and the other divisions brought up to assist them, the Chinese troops clinging with remarkable stubbornness to the ruins of Kiangwan, Mauhung and other villages, in the face of concentrated air and artillery bombardments and constant infantry attacks. The Japanese had complete mastery of the air, employing more than a hundred Aeroplanes, and maintained a ruthless aerial bombardment of the Chinese lines and back areas, including not only the Chinese Aerodrome at Hungjao, near Shanghai, but also other Aerodromes as far off as those at Hangchow and Soochow. At the latter place an American pilot named Short, flying a Chinese Aeroplane, engaged the raiders and was shot down, a Japanese pilot being also killed in the engagement. Further details of this and other incidents in the fighting will be found recorded in the despatch<sup>2</sup> from His Majesty's Consul-General at Shanghai.

4. It will be recalled that the local Chinese civil and military authorities at Shanghai, to whom the Japanese ultimatum of February 18th<sup>3</sup> had been addressed, had replied stating that they had referred the matter to their Government. It was some days before any further information was forthcoming, but it subsequently transpired that the reply of the Chinese Government<sup>4</sup> embodied in a Note dated February 19th had been transmitted on the following day by the Minister for Foreign Affairs through the Japanese Consul at Nanking to the Japanese Minister. The Note took the form of a strong protest against the continued aggression of the Japanese since September 18th and against the Japanese ultimatum of February 18th; and, while refraining from any special argument, concluded by declaring that, should the Japanese forces attempt to renew their attack, the Chinese troops would not hesitate to resist to the best of their ability and that the Japanese Government would be held responsible for all the consequences resulting therefrom.

5. The question of the neutrality of the Settlement and its use by the Japanese as a base for their military operations was dealt with at some length in my despatch above referred to. Although the Japanese offensive was launched on February 20th well away from the Settlement, Japanese

<sup>2</sup> See *ibid.*, No. 639, enclosure.

<sup>3</sup> See *ibid.*, No. 536, pp. 582-3.

<sup>4</sup> See *ibid.*, p. 585.

troops and military supplies continued to be landed within its boundaries, while local bombardments and minor hostilities were all the time being carried on in the Chapei Hongkew area by Japanese forces based, *via* the North Szechuan road, on the Hongkew part of the Settlement. It was not long before the question arose again in an acute form. On the night of February 22nd I witnessed from the balcony of my bedroom in the residence of His Majesty's Consul-General a Chinese bombardment of the Hongkew Wharf area, the shells passing close by the Consulate, which was almost in the line of fire, and falling in and around the river beyond the Garden Bridge over Soochow creek, apparently with the object of searching out the Japanese flagship 'Idzuma', moored alongside the Japanese Consulate (not 500 yards from this Consulate), and the Japanese transports and other vessels lower down the Whangpoo. Fortunately most of the projectiles fell in the river and no damage was done to British life and property, but one or more shells struck the Italian man-of-war 'Libia', anchored in the stream astern of the 'Idzuma'.

6. The situation in connexion with this Chinese shelling of the Settlement was discussed on the following morning at the meeting which I held daily with my French and American colleagues, and the Italian Chargé d'Affaires, Count Ciano, being particularly exercised owing to the Italian cruiser having been hit and, as he asserted, actually holed by a Chinese shell. We decided to lodge a renewed joint protest with the Chinese Mayor through our respective Consuls General and at the same time to despatch identic telegrams to our Governments, suggesting that further representations should be made at Tokyo with a view to inducing the Japanese Government to remove their flagship and other naval craft from the shelter of the Settlement and to cease using it as a base or channel for their military operations, including the landing of troops and supplies. We realised that it was unlikely that the Japanese naval and military authorities could be induced to accede to such a request. But it was equally obvious that, as long as the Japanese continued to make naval and military use of the Hongkew and Yangtzepoo districts of the Settlement, as they were doing, they were bound to draw the fire of the Chinese on to those parts. The Japanese flagship alongside the Japanese Consulate General was actually in close proximity to the German Consulate General and the British owned Astor House Hotel and not 500 yards from the buildings and private residences of His Majesty's Consulate General. I also mentioned the matter again to my Japanese colleague, though aware that Monsieur Shigemitsu was not in a position effectively to influence the chiefs of the Japanese fighting forces in Shanghai. The Japanese attitude in general towards this question of their use of the Settlement as a base was once more defined locally on the following day February 23rd, when I received from the Japanese Minister a reply to the Note of protest which I had addressed to him on the subject on February 20th (see paragraph 38 of my despatch above referred to). In this reply Monsieur Shigemitsu again put forward the remarkable contention of the Japanese Government that the Japanese forces had no other aim than *the defence of the Settlement* and the protection of Japanese life and property, and were avoiding the use of the

Settlement beyond the extent necessary for these objects. On the other side, the Chinese Mayor made the usual reply to the protests addressed to him by the British, American, French and Italian Consuls General, regretting the incidents, but emphasising with some reason that the blame lay on the Japanese for using the Settlement as a base for their military operations against the Chinese forces in Chinese territory outside.

7. After the battle had continued for some days it became apparent that the Japanese, having put all their regiments into the attack, were unable to make any real progress and that they were awaiting reinforcements. About the same time the news arrived that two more divisions, the 11th and the 14th, were being sent from Japan and that General Shirakawa had been appointed Commander-in-Chief of the entire expeditionary force. Meanwhile, the Japanese continued to pound away at the Chinese defence lines with their artillery and to bomb the Chinese back areas from the air.

8. On February 23rd my American colleague with whom I continued to keep in the closest touch, informed me that he had telegraphed to his Government that, following on the failure of our attempts at mediation before the presentation of the Japanese ultimatum on February 18th and the launching of the Japanese attack on February 20th, his talks with both Chinese and Japanese had convinced him that further mediation at the moment was impossible; but that the Japanese would probably seek our assistance again if and when they had driven the Chinese outside the twenty kilometre zone: and that our mediation would then be used by the Japanese for the purpose of bringing pressure to bear on the Chinese, in which case it would be difficult to avoid becoming directly involved in the Japanese scheme for the permanent demilitarisation of the Shanghai area. This analysis represented in fact also my own appreciation of the situation, namely, that, just as I had been jockeyed into finding myself acting as an agent for the presentation of the Japanese ultimatum on February 18th, there was a danger lest we should find ourselves being made tools of by the Japanese to secure Chinese acceptance of such terms as a victorious Japanese army might seek to impose. (As subsequently transpired this is precisely what occurred.) I accordingly reached the conclusion that, unless other developments intervened, I should do better to proceed to Nanking, whence I could at any moment return to Shanghai at short notice, to watch events and get into touch with the Government leaders there.

9. Two days later on February 25th, Dr. Koo<sup>5</sup> brought me a message from the Minister for Foreign Affairs enquiring whether I could not suggest some means of terminating the existing *impasse*. On the same day Dr. Lo Wen-kan summoned Mr. Ingram and the American representative at Nanking and spoke to them in similar terms, mentioning the fact that Japanese reinforcements were on their way and adding that he had telegraphed to Dr. Koo to see me and my American colleague and enquire whether there was any chance of our lending our good offices once more as mediators at this

<sup>5</sup> Dr. Wellington Koo was a member of the Chinese delegation in discussions at Shanghai on the cessation of hostilities; cf. Volume IX, p. 575. (See also No. 14 above, note 12.)



juncture. The Minister for Foreign Affairs was clearly concerned that nothing should be done to give the impression that the Chinese were weakening or suing for peace; but from this and other minor indications I began to think that the continued pounding which the Chinese were receiving from the Japanese guns and aeroplanes might be about to produce the expected result and that the end of the Chinese resistance might be imminent. The position was that the Japanese, having presented their ultimatum, were seeking to enforce its terms by military action. If the Chinese now wanted us once more to explore the possibilities of securing a cessation of hostilities, it was necessary to ascertain as definitely as possible how far they were prepared to go to meet the Japanese demands. We had in fact in the previous negotiations been handicapped by the difficulty we had experienced in getting the Chinese to state authoritatively what precisely they on their side were prepared to do; and this, it seemed, could best be ascertained in Nanking. Moreover, I had been out of touch with the Government leaders for a fortnight. I therefore decided to proceed to the capital at once, with the intention of renewing contact and sounding the Government leaders for their views regarding means of ending the existing situation and of returning at once to Shanghai should I see any opportunity of lending my good offices as mediator again.

10. The day before leaving Shanghai I called on my Japanese Colleague on the offchance of his being able to communicate something which I could usefully say in Nanking. He was not encouraging, but remarked cryptically that 'in a little while' the prospects of a settlement might be more favourable. I have little doubt, in the light of subsequent events, that he had in mind the early success, after the arrival of the Japanese reinforcements, of the Japanese army and the driving back of the Chinese forces, when, according to the Japanese plan, the neutral Powers were to mediate and, after peace had been made, participate in a Conference which would support Japan in enforcing her terms on the defeated Chinese.

11. Before proceeding to report on my brief visit to Nanking I should mention that while the battle in the Shanghai-Kiangwan-Woosung area was still at its height the American authorities on February 25th issued for publication Colonel Stimson's letter to Senator Borah<sup>6</sup> in which the United States Secretary of State, after sketching the history of the Nine-Power Treaty and emphasising its inter-dependence with the other Treaties and Agreements entered into at Washington at the same time, declared that the willingness of the American Government to surrender their commanding lead in battleship construction and abstain from further fortification of Guam and the Philippines was conditional upon, among other things, the self-denying covenants contained in the Nine-Power Treaty, which assured the Nations of the World, not only of equal opportunity for their trade, but also against the military aggrandisements of any other Powers at the expense of China;<sup>7</sup> so that one could not discuss the possibility of the modification or

<sup>6</sup> Cf. No. 9, note 11.

<sup>7</sup> The treaties and agreements signed at the Washington Conference on the Limitation of Armament, 1921-2, are printed in Cmd. 1627 of 1922. For the treaties referred to above,

abrogation of the Nine-Power Treaty without, at the same time, considering the other premises with which it was inter-dependent. Continuing, Colonel Stimson referred to the conclusion, six years later, of the Pact of Paris<sup>8</sup> as reinforcing the policy of self-denial against aggression by a stronger against a weaker Power upon which the Nine-Power Treaty had been based. The protection of China against external aggression was an essential part of the arrangements made by these two treaties aiming at the settlement of international controversies by methods of peace and justice instead of by arbitrary force. The signatories of the Nine-Power Treaty felt that the orderly and peaceful development of the four hundred million people of China was necessary to the peaceful welfare of the whole world. It was clear beyond peradventure that a situation had developed in China which could not under any circumstances be reconciled with the obligations incurred under these Treaties, and that if the covenants of these Treaties had been observed such a situation could not have arisen. The signatories of the Nine-Power Treaty and the Peace Pact, other than those parties to the conflict, were not likely to see any reason for modifying the terms of those Treaties, the value of which had been brought home by the perils and losses to which their nationals had been subjected at Shanghai. That was the view of the American Government, who believed that this situation could have been avoided had these Treaties been faithfully observed, and who had found no evidence to indicate that due compliance with them would have interfered with the adequate protection of the legitimate rights in China of the Powers concerned.

12. The appearance of this letter, embodying a declaration of American policy towards the Chinese-Japanese conflict, though it was in effect largely a reaffirmation of the traditional policy of the United States towards China and Chinese affairs, irritated the Japanese as much as it encouraged the Chinese. By a coincidence the Japanese counterblast, though put out independently, appeared almost simultaneously; for about the same time the Japanese authorities issued for publication an English translation of the reply of the Japanese Government to the appeal or exhortation which, according to press reports, had been addressed to Japan by the Council of the League of Nations some ten days before.<sup>9</sup> Whatever the precise meaning of the original Japanese text of this lengthy document may have been, the English translation as published by the official Japanese news agency in China created a deplorable impression of misrepresentation, disingenuousness and special pleading, not to mention its gratuitous offensiveness *vis-à-vis* the Chinese. The Japanese Government, the reply stated, could not understand why the appeal was addressed to Japan, as though she were able, by the

see No. 11 (Nine-Power Treaty regarding China), No. 1 (Five-Power Treaty for the limitation of naval armament), and No. 7 (Quadruple Pacific Treaty regarding insular possessions and insular dominions in the Pacific Ocean). Cf. also First Series, Volume XIV, Chapter VI.

<sup>8</sup> The Kellogg-Briand Treaty for the Renunciation of War as an instrument of national policy, signed at Paris on August 27, 1928, is printed in Cmd. 3410 of 1929.

<sup>9</sup> This Japanese statement of February 23 is printed in *L.N.O.J.*, March 1932, pp. 384-6. Cf. Volume IX, Nos. 481 and 504, note 3.

exercise of some unspecified act of forbearance, immediately to bring about the cessation of the alarming situation at Shanghai. It was to the Chinese as the attacking party to whom the appeal should have been made. The Japanese forces were expected to lay down their arms or to withdraw to Japan and to allow the Chinese troops to occupy the International Settlement, for that would be the inevitable result. The actions of the Japanese forces had throughout been confined to measures of self-defence and all Treaties relating to the pacific settlement of international disputes must leave unimpaired the right of legitimate self-defence. The measures taken by Japan did not infringe Article 10 of the League Covenant, any more than the despatch of reinforcements to Shanghai by the other Powers five years before, or the British and American bombardment of Nanking the same year. The provisions of the League Covenant in question were very proper ones, but they did not exclude self-defence, nor make China a 'Chartered Libertine' free to attack other countries without their having any right to resist. And so on for some dozen paragraphs, concluding with an exposition of the Japanese thesis that China was not an organised State, that such fictions could not be tolerated when they became grave sources of danger, and that the time had inevitably come when realities rather than fictions had to be reckoned with. Such an anomalous state of affairs could not but profoundly modify the application to Chinese affairs of the League Covenant. Facts must be faced, &c. The Powers in appealing to Japan were forcing an open door; it was the aggressive Chinese forces to whom the appeal should be addressed. The Japanese Government earnestly hoped that the Powers would not relax their efforts to induce the Chinese to refrain from aggressive acts, such as those which had precipitated the armed conflicts of the past five months. The Japanese people yielded to none in their detestation of war and its horrors; and, if the efforts of the Powers should succeed in bringing about a pacific attitude on the part of China, nowhere would more sincere delight be felt than in Japan.

13. Immediately on the appearance of this remarkable statement I took the opportunity to point out privately to the Chinese side that it contained two definite allegations which China should be in a position to refute, and I suggested that the Chinese Government should come out immediately with a statement declaring categorically that the Chinese troops would withdraw a specified distance provided the Japanese did likewise, and that the Chinese troops had no intention of attacking the Settlement, two points which I felt were common ground with the Chinese and on which they would do well to declare themselves definitely and indisputably with the least possible delay. My remarks seemed to appeal to the Minister for Foreign Affairs,<sup>10</sup> Dr. Koo, and others to whom I spoke on the subject. But in the usual Chinese fashion they were nervous about committing themselves too far, while there was also a tendency to consider the Japanese statement, addressed as it had been to the League, as too offensive to merit any reply

<sup>10</sup> For Sir M. Lampson's conversation at Nanking with Dr. Lo Wen-kan, the Chinese Minister for Foreign Affairs, on February 28, see Volume IX, No. 610.

from the Chinese Government. The eventual result was the appearance on March 1st of an inspired statement by 'an official spokesman of the Chinese Government',<sup>11</sup> worded in diffuse and somewhat ineffective style, traversing the contents of the Japanese Note in detail, denouncing them as preposterous and beyond human credulity, and concluding with the following paragraph:—

'In carrying on her military campaign in Shanghai, Japan endeavours to make the world believe that she is not only protecting her own nationals but also safeguarding the interests of the International Settlement. She maintains that the inevitable result of the Japanese forces laying down their arms or withdrawing to Japan will be the occupation of the International Settlement by Chinese troops. It is clear to all [? that] the Chinese Government has not the least intention to occupy by force the International Settlement at Shanghai, although it has protested most vigorously against the use of the International Settlement by the Japanese forces as a base of military operations against China. Japan is simply manufacturing another pretext at the expense of China to advance her own ulterior motives.'

14. I left Shanghai on the morning of February 27th, in His Majesty's Ship 'Wishart' (Commander G. C. Bannister), kindly placed at my disposal by the Commander-in-Chief, accompanied by Mr. Teichman, leaving Colonel Badham-Thornhill to watch the military situation at Shanghai. I arrived in Nanking early on the following day, February 28th, and met the Minister for Foreign Affairs the same morning. In the course of a long conversation I ascertained that the National Government had defined the Chinese position in four points, namely,

- (1) Simultaneous and mutual evacuation.
- (2) The Japanese to withdraw to the Settlement (meaning, as I subsequently ascertained, to their original defence posts, including those in the extra-Settlement Hongkew salient); and the Chinese to withdraw a reasonable distance, the Chenju line being specifically mentioned.
- (3) The evacuated area to be policed by Chinese.
- (4) Third Powers to guarantee that neither side would attack the other during and after withdrawal.

These four points had been communicated by Mr. Wang Ching-wei, as head of the Government,<sup>12</sup> to the Minister for Foreign Affairs, who had telegraphed them to Dr. Koo, but too late for the latter to inform me about them before I left Shanghai for Nanking. I explained to Dr. Lo Wen Kan my view of the dead-lock and how I had come up to ascertain whether the Chinese Government were any more inclined than before to meet the Japanese demands of February 18th, especially on the two vital points, the depth of

<sup>11</sup> Cf. *ibid.*, No. 646.

<sup>12</sup> Mr. Wang Ching-wei, President of the Executive Yuan, was at that time at Loyang; cf. paragraph 16 below.

the withdrawal, i.e., twenty kilometres, and the dismantling of the Woosung and Paoshan forts. The Minister for Foreign Affairs who was evidently unable to commit himself to anything beyond the four points formulated by his Government, insisted that the Japanese demands remained utterly unacceptable, and that, if Japan adhered to them, China would go on fighting in self-defence, regardless of the consequences, even if they meant the collapse of all Government and the rise of anarchy and communism throughout the country. 'Death rather than dishonour' was now their motto, and much more in the same sense. The Chinese forces would, if necessary, withdraw further and further into the interior, leading the Japanese on as the Russians had led the French army on to Moscow in Napoleon's campaign, but they would never surrender to the Japanese demands or make a dishonourable peace.

15. At this interview Dr. Lo Wen Kan also raised the vexed question of the neutrality of the International Settlement and its violation by the Japanese, with special reference to a further Note<sup>13</sup> addressed to me on February 25th, which had apparently been provoked by our recent protests against the Chinese guns shelling the Hongkew wharf area, but which I had only just received. This Note maintained that, as already pointed out on several previous occasions, the Japanese were using the Settlement as a base for unwarranted and wanton attacks against the innocent civilian population as well as Chinese troops in territory under Chinese administration, so that China was compelled to resist such aggression and defend the honour and life of the nation; responsibility for any consequences lay, therefore, with the party whose offensive and aggressive acts originated chiefly from the Settlement; and it was requested that means be found to put an immediate stop to these activities of the Japanese, to bring to an end the state of affairs existing in the International Settlement which was primarily responsible for the sanguinary struggle proceeding in its vicinity, and to prevent the Japanese forces from continuing to make use of the Settlement in perpetrating crimes against the law of Nations and the precepts of humanity. Referring to this Note and the previous correspondence, the Minister for Foreign Affairs explained his difficulties and the constant pressure he was under from Chinese public opinion to get something done. Repeated instructions had, he said, been issued to the Chinese troops to respect the Settlement; there had never been and there would not be the faintest intention of attacking it. But if the present position went on and the Japanese continued pouring troops into the Settlement and then issuing from it to attack the Chinese forces defending themselves in Chinese territory outside, the position would become increasingly difficult and dangerous. I replied insisting once again on our determination to defend the Settlement, were it attacked in any way, but defining our attitude in the usual terms, namely, that we did not approve the use of the Settlement for military operations unconnected with its defence; and at his pressing request I undertook to reply to his last Note (which I had otherwise intended to leave unanswered) informing him of the

<sup>13</sup> See Volume IX, No. 586.

terms of the protest on the subject which I had addressed to the Japanese Minister. This I did on the following day in a Note dated February 29th,<sup>14</sup> a copy of which has been forwarded separately.

16. Mr. Wang Ching-wei and others amongst the Government leaders had gone to Loyang to attend a special meeting of the Central Executive Committee there, but General Chiang Kai-shek and General Ch'en Ming-shu were still in Nanking and I saw both of them during my brief stay in the capital—for such I understand it remains in spite of the removal of the Government out of harm's way to Loyang. General Chiang vehemently denounced the Japanese demands for the evacuation of the twenty kilometre zone and the dismantling of the forts, and he emphatically asserted that no Chinese Government could nowadays dream of accepting, and no friendly Power should associate itself in any way with, such humiliating terms, which savoured of the methods and policies of thirty years ago (referring no doubt to the Protocol of 1901 and the surrenders of the preceding years).

17. When I saw General Ch'en Ming-shu, the late commander of the 19th Route Army, though actually Minister of Communications at Nanking, he declaimed at some length on the determination of his troops to fight to the last if Japan continued to seek to humiliate China, but emphasised their readiness to cease hostilities at once if some equitable arrangement for mutual withdrawal could be reached. He asserted most categorically that his army had no intention, and never had had the least idea, of *attacking* the International Settlement and he said that he could give the most positive assurances on this point.

18. Generally speaking, the impressions I obtained from my visit to Nanking were,

- (a) that no Chinese leader would admit the Japanese contention that they, the Japanese, were fighting only the 19th Route Army, and that one and all insisted that the National Forces as a whole were concerned and would be used as required;
- (b) that no Chinese Government would, or indeed could, agree to any settlement which involved surrender or humiliation; but
- (c) that the Chinese might, nevertheless, be induced to withdraw the twenty kilometres if their face could be saved by making it a voluntary withdrawal without specific mention of the distance defined in the Japanese ultimatum or of the dismantling of the Woosung forts, and provided the Japanese also withdrew as originally proposed.

19. Meanwhile, during my brief stay in Nanking important developments were occurring in Shanghai which rendered my immediate return desirable. In the first place the new Japanese divisions were arriving and there were rumours of the imminence of a big push by the Japanese. And in the second place, following on the communications to Dr. Koo of the Chinese Government's Four Points, further peace talks between the two sides had been initiated through the good offices of Admiral Sir Howard Kelly and meetings

<sup>14</sup> *Ibid.*, No. 626, enclosure.

had taken place on board his flagship, His Majesty's Ship 'Kent.' I had arrived in Nanking early in the morning of February 28th. After dining privately with General Chiang Kai-shek on the following day, February 29th, I went on board His Majesty's Ship 'Wishart' the same night and sailed the next morning before daybreak for Shanghai, where I arrived the same evening, March 1st. On approaching the neighbourhood of Woosung I was interested to note the presence, explained by subsequent events, of several Japanese men-of-war and transports off the vicinity of Liuho, on the south bank of the Yangtze above Woosung. And, on entering the mouth of the Whangpoo River, we witnessed from the bridge of His Majesty's Ship 'Wishart' the now familiar scene of Japanese cruisers and destroyers maintaining an intermittent and apparently purposeless bombardment of the ruins of Woosung and Paoshan forts. Hardly a building was visible in the vicinity of Woosung which was not in ruins and the forts and their guns and emplacements were badly knocked about. But, although this bombardment had been continuing with greater or less intensity for nearly a month and Japanese troops had made repeated attempts to cross the Woosung creek and take the village and the forts in the flank, a Chinese force was still in occupation, as was proved by the shots which continued to be fired from the ruins and by the continued failure of the Japanese to push home their attacks and occupy the peninsula.

20. While on my way down river I received by wireless the serious news that the Japanese had publicly announced their intention of bombing the Shanghai Nanking and Shanghai Hangchow Railways to prevent the arrival of Chinese reinforcements, a threat which was actually carried into effect just before the campaign came to an end. In view of the direct British financial interest in these railways, although I realised the practical futility of such representations, I addressed a suitable protest to my Japanese colleague on the subject. Of this a copy has already been sent home in an earlier despatch.<sup>15</sup>

21. As stated above, I arrived back in Shanghai on the afternoon of Monday, March 1st. The first news I received was that a part of the newly-arrived Japanese 11th division was disembarking at the Woosung railway wharves, while the rest were said to be landing at Liuho on the Yangtze (thus explaining the warships and transports I had seen *en route*), with the evident intention of turning the Chinese flank. General Shirakawa, the new Commander-in-Chief, had also just arrived. The Japanese had thus at last met our repeated objections by landing the new reinforcements well outside the Settlement—though this was no doubt, in fact, done for strategic rather than diplomatic reasons. At the same time the Japanese were attacking all along the front and the Chinese were reported to be falling back.

22. It was subsequently learned that on the afternoon or evening of that day, March 1st, the Chinese Commander-in-Chief, whether because of the continued pounding the Chinese troops had received during the past ten days from the Japanese artillery and aerial bombardments and infantry attacks, or, as was alleged, on account of the exposure of his left flank by the Japanese

<sup>15</sup> Not printed; cf. *ibid.*, No. 647.

landing at Liuho, ordered a general withdrawal of the whole Chinese line extending from Chapei to Kiangwan and Mauhung. The main Chinese withdrawal seems to have been effected with some skill on the night of March 1st and on the following day the Japanese were everywhere advancing with little or no opposition. By midday on March 3rd the Japanese forces had reached the neighbourhood of the line Liuho-Kiating-Nanziang, which was subsequently occupied by them as the limit of their advance and as representing the twenty kilometre zone from which they had originally demanded the Chinese withdrawal (though actually parts of the line were far outside this zone). The main Chinese forces withdrew first to Chenju, then to Nanziang, and finally to the neighbourhood of Kunshan (Quinsan) on the railway towards Soochow. Woosung, which had not been evacuated by the Chinese at the time of the general withdrawal, was now surrounded and cut off, and was assaulted and captured by the Japanese on the morning of the same day, March 3rd.

23. It is now necessary to revert to the negotiations which, as mentioned in paragraph 19 above, had been initiated during my absence in Nanking, through the good offices of Admiral Sir Howard Kelly, on board His Majesty's Ship 'Kent.' The following summary of those negotiations is taken from the account subsequently courteously furnished by Sir Howard Kelly for the information of my colleagues, at the request of the American Minister.

24. On February 27th Dr. Koo, accompanied by the Chief of Staff of the 19th Route Army, lunched on board His Majesty's Ship 'Kent' with the Commander-in-Chief. In the course of conversation there were indications that the Chinese might be prepared to meet the requirements of the Japanese, if no mention were made of the permanent demilitarisation of the Woosung forts, and if the supervision of the evacuated area were entrusted to neutral instead of Japanese troops. Admiral Sir Howard Kelly saw the Japanese admiral the same evening, and suggested that there might be a possibility of an agreement being reached on the above lines. He added that he would be prepared to arrange at any time for an informal meeting between the Chinese and Japanese in his flagship. On the following day, February 28th, at the request of Admiral Nomura, a meeting was held in His Majesty's Ship 'Kent', which was attended by the Japanese admiral and Mr. Matsuoka<sup>16</sup> on the Japanese side, and Dr. Koo and General Wang, the Chinese Chief of Staff, on the Chinese side. The conversation lasted for two and a half hours and was conducted in a friendly atmosphere. Both sides made it plain at the outset that they represented nobody and could take no definite decisions, but it was hoped that a sufficient measure of agreement might be arrived at to enable the parties to meet formally later on with some prospect of success. General agreement in principle appeared to be reached between the two sides during this discussion in regard to mutual and simultaneous withdrawal, no mention to be made of the forts, arrangements to be come to for neutral supervision of evacuation, and the administration of the evacuated areas to be left in the hands of the Chinese police. The main

<sup>16</sup> A Japanese special representative at Shanghai.



difficulty was over the distance of twenty kilometres as the area to be evacuated by the Chinese troops. It was a question of face on both sides, the Chinese objecting to it because it had been specially mentioned in the Japanese ultimatum, and the Japanese insisting upon it for the same reason. When the meeting broke up it was decided that the result of the discussions would be referred by Dr. Koo to the Chinese Government, and that the Japanese on their side, would discuss them first with Mr. Shigemitsu and General Uyeda, and if considered acceptable would refer them to Tokyo for decision.

25. On February 29th Dr. Koo handed to Admiral Sir Howard Kelly, in writing, the Chinese proposals, as follows:—

- (1) Mutual and simultaneous evacuation by both sides.
- (2) No question to be raised of the permanent dismantling of Woosung or Lion Forts.
- (3) Joint Commission, with neutral observers, to supervise evacuation on both sides.
- (4) Evacuated area to be administered by Chinese authorities as usual, and policed by Chinese police.
- (5) The Chinese to withdraw to Chenju and the Japanese to withdraw to the Settlement and the Extra-Settlement roads, after which the Chinese to withdraw to Nanzhang; withdrawal of Japanese to ships to be taken up at the next conference.

26. These proposals were handed by Admiral Sir Howard Kelly to Admiral Nomura the same evening, February 29th. For the next two days nothing more was heard from the Japanese side. At length, on March 2nd, Admiral Nomura sent his Chief of Staff to Admiral Sir Howard Kelly to explain the delay, the explanation being furnished to Sir Howard Kelly in the following statement:—

- (1) The Chinese proposals differ on some points from the private conversation held on board the British flagship on February 28th. Again, the views of Tokyo Government seem to differ from the Chinese proposals.
- (2) The Japanese Minister is exchanging views with Tokyo, and as soon as all the points are cleared up and the Minister feels able to put forth the views as definite Japanese proposals, Admiral Nomura would lose no time to communicate them to Admiral Sir Howard Kelly.
- (3) As the matter stands, Admiral Nomura is disposed to deem it unnecessary to, and therefore refrains from, pointing out the departures on the Chinese side from the private conversations above referred to.

27. On the evening of the same day, March 2nd, Admiral Nomura and Mr. Matsuoka handed to Admiral Sir Howard Kelly for transmission to the Chinese authorities the Japanese conditions for an immediate cessation of hostilities which proved to be entirely different from anything discussed on board His Majesty's Ship 'Kent.' These conditions had been handed to me earlier in the afternoon by the Japanese Minister.<sup>17</sup> In the meantime, however,

<sup>17</sup> Cf. Volume IX, No. 648.

the situation had been completely altered, since the Chinese troops had been forced to withdraw beyond the twenty kilometre zone. The new Japanese proposals, which were handed by Admiral Sir Howard Kelly to Mr. Kuo Tai-chi in my presence later on the same evening, March 2nd, were as follows—under the heading: ‘Basic conditions of immediate cessation of hostilities’ :—

- (1) Should China give assurance for the withdrawal of her troops to a certain distance from Shanghai (distance to be determined by the Japanese authorities), Japan will agree to the cessation of hostilities for a certain period (to be agreed upon between the Japanese and Chinese authorities), and pending subsequent arrangements the Japanese and Chinese forces shall hold their respective positions. Details relating to the cessation of hostilities shall be arranged by the Japanese and Chinese military authorities.
- (2) During the period of the cessation of hostilities, a round-table conference between Japan and China shall be held at Shanghai, in which the representatives of the principal Powers interested shall participate, and the conference shall discuss with a view to reaching an agreement upon the methods for the withdrawal of both the Chinese and Japanese forces on such terms as are set out in the following paragraph, together with the measures for the restoration and maintenance of peace and order in and around Shanghai and for safeguarding the International Settlement and French Concession in Shanghai and the foreign lives, property and interests therein.
- (3) The withdrawal of troops shall be commenced by the Chinese troops (including plain-clothes gunmen) to a specified distance, and upon ascertaining the withdrawal of the Chinese forces, the Japanese forces will withdraw to the Shanghai and Woosung areas. As soon as the normal conditions will have prevailed, the Japanese army shall be withdrawn from these areas.
- (4) Should either of these parties infringe any of the terms of the cessation of hostilities, the other party shall have freedom of action. Both parties have the same freedom of action upon expiration of the period agreed upon under paragraph 1.

It may be mentioned that the above ‘basic conditions’ were issued to the press on the following morning in a semi-official Japanese communiqué with a preamble stating that the complete suppression of all anti-Japanese activities was essential for the restoration and maintenance of peace and order in and about Shanghai and would therefore be insisted on by the Japanese authorities in the subsequent negotiations. This additional ‘condition’ did not, however, so far as I was concerned, form part of the Japanese terms communicated to the Chinese through our mediation; and its belated appearance in this way emphasised once again the necessity of extreme caution in our dealings with the two sides.

28. These new Japanese proposals which had been handed by Admiral

Nomura to Admiral Sir Howard Kelly for transmission to the Chinese, had, as mentioned above, been communicated to me a few hours earlier by the Japanese Minister, who had emphasised that the first and most urgent thing to do was to arrange a truce in accordance with the first paragraph of the proposals; and he suggested a further meeting on the same lines as those previously held on board His Majesty's Ship 'Kent,' he and I also to attend if required. I proceeded to sound Mr. Shigemitsu out as to Japan's intention under the second paragraph, in connection with the round-table conference to be held 'during the period of the cessation of hostilities.' He was vague in his replies, but intimated that some sort of demilitarisation of the area of Greater Shanghai was in contemplation, as well as satisfactory arrangements regarding the policing and the provision of municipal facilities and land-owning rights for foreigners in the area in question. I told him frankly that it would in my view be unsound to put forward requirements that China would not meet except under duress and that whatever was proposed should be presented in such a form and be of such a character that there would be a reasonable prospect of China's voluntary acceptance.

29. It should be borne in mind that, owing to the rapid developments taking place in the military situation at this time, we (the neutral middlemen) were to some extent groping in the dark; but, in the light of subsequent events, it is evident that Japan's policy was unfolding itself along the lines of a prearranged plan, namely, to drive the Chinese back beyond the twenty kilometre zone, invite our mediation in securing a truce which would leave the Japanese forces in occupation of the evacuated area and prevent the Chinese from attacking them on its borders, and then to hold a round-table conference with the participation of the neutral Powers, when Japan, being in occupation of the greater part of the area in question, would press, with our support and assistance, her proposals for the demilitarisation of the Shanghai region and the extension of foreign control and foreign privileges therein, with the object of securing an enlarged area where Japanese interests would be immune from boycotts, Chinese taxation, and other forms of Chinese interference; in fact, to take the opportunity of putting through, so far as Shanghai was concerned, with our assistance, the demilitarisation proposals which they had aired through the head of the Foreign Office Press Bureau at Tokyo some weeks before,<sup>18</sup> and since disavowed.

30. As reported above, Admiral Sir Howard Kelly, in my presence, handed the new Japanese proposals to Mr. Kuo Tai-chi, the Vice Minister for Foreign Affairs, who was acting for the Chinese Government in Shanghai, on the evening of March 2nd. Mr. Kuo undertook at once to refer the proposals to Nanking for instructions. At first there appeared to be some chance of the Chinese discussing the terms of a truce alone under the first paragraph without reference to the rest, and, in the hope of promoting an understanding between the two parties, I arranged a private and secret meeting between Mr. Kuo Tai-chi and Mr. Shigemitsu in my presence at His Majesty Consulate General on March 3rd.<sup>19</sup> A very outspoken discussion

<sup>18</sup> Cf. *ibid.*, Nos. 393, 408-9, 426, and 603.

<sup>19</sup> See Nos. 3 and 7 in this volume.

ensued, but no practical results were obtained, beyond a full and frank and at times somewhat contentious exchange of views between the two sides. Mr. Kuo charged the Japanese side with bad faith in going back on the 'Kent' discussions and presenting entirely fresh *desiderata*. Mr. Shigemitsu retorted that Japan had signified her inability to accept the 'Kent' proposals on March 2nd (by which time, however, the Chinese withdrawal was in progress). Mr. Kuo argued that the Chinese troops having retired well outside the twenty kilometre line, and the Japanese having advanced up to and beyond it, all that was required was for the Japanese troops to withdraw voluntarily to the Settlement area in return, he hinted, for an undertaking by China that Chinese troops would not for a given period enter the evacuated zone. Mr. Shigemitsu refused, however, to follow the Vice Minister for Foreign Affairs on to this ground and maintained that the position had to be approached on a basis of existing fact; the conditions for the withdrawal of the Japanese troops had been stated in the last Japanese proposals; and the matter now depended upon the findings of the proposed round-table conference; meanwhile he urged the desirability of a formal truce to avoid the danger of a further clash. To this Mr. Kuo retorted by pointing out that, the Chinese troops being well outside the twenty kilometre zone, Japan had only to withdraw her forces to create the desired vacuum.

31. On the following morning Mr. Kuo Tai-chi called again and informed me of the comments of his Government on the new Japanese proposals.<sup>20</sup> In brief, these proposals, in the view of the Chinese Government, amounted to dictation of terms and were entirely unacceptable. The Chinese side would be prepared to enter on preliminary discussions regarding a cessation of hostilities in accordance with the first paragraph, but only on a basis of mutual withdrawal. As regards the third [? second] paragraph, this contemplated an international conference with the Japanese troops in occupation. China could only agree to such a conference provided its scope were limited to a discussion of methods of mutual withdrawal and on the understanding that no other questions were raised. The third paragraph, in view of the proposals for the Japanese troops withdrawing to the so-called Shanghai and Woosung areas and the dependence of further withdrawal on the restoration of 'normal conditions', was worse than the ultimatum of February 18th. The fourth paragraph would merely serve as a pretext for Japan to resume hostilities at any moment. To sum up, China stood by her original proposals for mutual withdrawal; the Chinese troops had, in fact, withdrawn and the Chinese side would make no further move until the Japanese troops also withdrew. Instructions in this sense had been sent to the Chinese delegate in Geneva.

32. In the meantime, the Japanese troops having reached and occupied the line Liuho-Kiating-Nanziang, on, and in the north considerably beyond, the twenty kilometre zone, the Japanese military authorities had ordered the 'cease fire' at 2 p.m. on March 3rd, provided the Chinese forces did not resort to hostile action; and on the evening of the same day the Chinese commander announced that he had ordered the Chinese troops to stop

<sup>20</sup> Cf. No. 7.

fighting provided the Japanese did not attack.<sup>21</sup> In spite, therefore, of the failure of all attempts to obtain an agreed armistice, major hostilities had ceased owing to the Japanese forces having reached their objective. It may be recorded here that the Japanese subsequently announced their total naval and military casualties as 2,415, of which 385 were killed. Colonel Badham-Thornhill, however, when attending a funeral ceremony in honour of the Japanese dead killed in the campaign, actually counted 547 tablets representing the dead of the 9th Division and 24th mixed Brigade alone—so that the above statement is evidently quite untrustworthy. The Chinese are reported to have suffered some 10,000 casualties. I may add that, apart from the two naval ratings accidentally killed by a Chinese shell on one of the Hongkew wharves,<sup>22</sup> no other British subjects were, so far as I know, killed or seriously injured during the period of hostilities.

33. On March 4th the Japanese Naval and Military High Commands published formal statements announcing the cessation of hostilities. In his statement General Shirakawa, the Commander-in-Chief of the Japanese military forces, declared (in the translation issued by the official Japanese Press Bureau):—

‘The Imperial Japanese Land forces since their arrival in Shanghai and its vicinity, had, in conjunction with the Imperial Naval Forces, made every effort to achieve the object of protecting the Japanese residents by peaceful means. However, the proposals based on such desire were not, to their regret, accorded to by the Nineteenth Route Army of China, and at last the hostilities were started.

‘The Chinese forces have now retreated to positions beyond the distance originally requested by the Imperial Forces, and signs are seen of the peace of the Shanghai Settlements being recovered and the safety of the Japanese residents being reassured.

‘I have, therefore, decided to order the force to halt, for the time being, at the points actually held and to stop fighting provided that the Chinese forces will not resort to further actions.’

On the same day, General Shirakawa issued a proclamation, emphasising Japan’s desire to cultivate friendly relations with the Chinese, blaming the ‘Chinese Militarists’ who had menaced Japanese life and property, necessitating the despatch to Shanghai of Japanese forces and leading to the recent clash, declaring that Japan had no territorial or other ambitions at Shanghai, and announcing that, the Chinese military having been driven away, the Chinese people should co-operate in enhancing the friendly relations between the two countries. The irony of these pretensions, which were comparable with General Honjo’s explanation that he had bombed Chinchow<sup>23</sup> to cement friendly relations between the Chinese and Japanese peoples, was all the more marked by the fact that it was common knowledge that the clash had

<sup>21</sup> Cf. No. 13, enclosure.

<sup>22</sup> See Volume IX, Nos. 478, 484, 497, and 507.

<sup>23</sup> See Volume VIII, Nos. 580, 585, 587, 590, &c. General Honjo was in command of the Kwantung Army of Japanese forces operating in Manchuria.

originated in Japanese punitive action on account of the boycott and anti-Japanese movement, in which the Chinese military played only a minor part; while one of the features of the campaign in and round Shanghai had been the sufferings of the Chinese civilian population from the aerial bombings and burnings of Chapei and the villages of Kiangwan and Mauhung and neighbouring hamlets and the brutalities of the Japanese troops in the field. To complete this part of the story, General Shirakawa, on the following day, March 5th, gave out the following statement through the official Japanese press agency:—

‘The immediate cause of the Shanghai incident was the attack made by soldiers of the 19th Route Army upon the Japanese naval forces which were proceeding to their garrison posts assigned to them at a meeting of the foreign defence commanders.

‘Since that day, the Japanese landing party, with a small number of men, struggled against an overwhelmingly large force and ably defended the Settlement. But the Chinese kept on increasing their forces which finally necessitated the despatch of land forces.

‘As has been stated frequently, both the Japanese army and the navy have no other aim than the protection of Japanese nationals and their property in and around Shanghai.

‘There are various reasons attributed to the stubborn resistance put up by the 19th Route Army, including certain domestic political conditions. Be that as they may, it has been proved that the defence works erected by the Chinese were exceedingly more elaborate and solid than we had imagined. This is sufficient to visualise the difficulties which beset our troops and naval forces.

‘It is needless to say that with the arrival of the 9th Division, our fighting equipment was strengthened. The Chinese, however, misjudged the material and moral strength of our troops, as a result of which they suffered losses and defeat, in spite of the fact that their number exceeded three times that of ours.

‘Since the outbreak of the Shanghai incident, the Japanese people have supported the army and navy as a single man, while the morale of our troops and the Naval Forces is exceptionally splendid. Never before have the army and the navy co-operated so well in our military history as in the present incident, which fact gives us considerable satisfaction.

‘As for the future, we believe that the affair will be settled amicably through the co-operation of the powers. Until then our troops will wait in orderly positions, following which they will return home.’

34. It may be mentioned, in illustration of the reaction of Chinese internal politics to these events, that Dr. Sun Fo and Mr. Eugene Chen and other members of their Cantonese clique in Shanghai despatched a telegram, shortly after the retirement of the 19th Route Army, to General Chiang Kai-shek and Mr. Wang Ching-wei holding the Central Government responsible for their failure to check the continued aggression of the Japanese. They

pointed out that the 19th Route Army had been inadequately supported, in spite of their repeated requests for reinforcements, and that the loss of Shanghai and Woosung were therefore due to the failure of the Central Government to take adequate military measures. They were, however, willing to let bygones be bygones, but they demanded that, in order to remedy the situation, the Government should immediately send strong forces to recover the lost territory. This telegram was in line with the previous attitude adopted by Dr. Sun Fo and Mr. Eugene Chen, who had throughout done their best to obstruct all the peace moves made at different times, in part no doubt for internal political reasons and to embarrass the Government.

35. The true facts in regard to the attitude of the Central Government and the amount of support afforded by them to the 19th Route Army remain somewhat obscure. At one time strong reports, possibly to no small extent of Japanese origin, were current in Shanghai to the effect that Chiang Kai-shek (assuming him to have been still in *de facto* control of the bulk of the national forces) was intentionally withholding support, and that he would not be sorry to see the 19th Route Army pounded to pieces and thus eliminated as a political factor. This suited the Japanese theory, that they were defending the International Settlement and Japanese life and property against the attacks of an independent, irresponsible and semi-Communist Chinese Army. I found, however, no confirmation in any responsible Chinese circles that, once the battle had been joined, support was being intentionally withheld from the 19th Route Army. On the contrary, one and all Chinese with whom I spoke ridiculed such an idea. The true facts, I believe, to be somewhat as follows: Ch'en Ming-shu's Cantonese 19th Route Army, which had made its reputation during the advance Northwards of the Kuomintang forces in 1927-28,<sup>24</sup> and which had come into conflict with the Japanese at Tsinan in the latter year, had originally been moved into the Shanghai area when Ch'en Ming-shu had been appointed Garrison Commander of Shanghai and Nanking to give confidence to the Cantonese leaders proceeding to the capital. At the outset of the trouble with Japan, General Chiang Kai-shek was, it seems, opposed to resistance at Shanghai, as elsewhere, holding that, defeat in pitched battle being inevitable, the proper strategy for China was to continue to withdraw wherever actually attacked by the Japanese forces. Dr. Sun Fo, Mr. Eugene Chen, and their Cantonese party, as reported in my previous despatches, favoured a more positive policy of resistance. When, however, the 19th Route Army, whose head, General Ch'en Ming-shu, was a supporter of Chiang Kai-shek's and was holding office as Minister of Communications under the National Government, became actually engaged in hostilities with the Japanese, there could no longer be any question of denying them support, and two divisions of the National Guards, Chiang Kai-shek's own troops, were at an early stage identified as fighting in the line with the 19th Route Army. General Chiang Kai-shek and the National Government sought at first to conceal this, partly, so I was informed by the General himself on February 28th, in order not

<sup>24</sup> Cf. *ibid.*, No. 1.

to detract from the kudos accruing to the 19th Route Army for their successful resistance, but mainly, it seems, because it was realised that if the Japanese staff became aware that other Chinese divisions were in the line against them, they were more likely to despatch reinforcements from Japan and thus aggravate the conflict. Moreover, at the outset, before the arrival of the new Japanese divisions, the Chinese forces were adequate, while the area of hostilities was too small to render it possible to utilise greater numbers of Chinese troops to any particular advantage. In the later stages of the ten day battle, however, considerable Chinese reinforcements were undoubtedly being moved up towards the area of hostilities. Of this the Japanese were well aware, as was shown by their threat, actually carried into effect at the end of the battle, to bomb the railways leading into Shanghai to prevent the arrival of Chinese reinforcements. The Chinese Government were no doubt bewildered and divided in their counsels. They had adhered throughout to their policy of acting only on the defensive and looking to the League of Nations to save them from the aggression of the Japanese. They were not supposed to be at war with Japan and they were counselled on all sides not to commit themselves to anything in the nature of a declaration of war. All their best divisions were in Honan and elsewhere north of the Yangtze. But a flotilla of Japanese cruisers and destroyers were lying off Nanking and patrolling the river with the declared intention of preventing the transportation of Chinese troops from the North to the South bank. A considerable body did actually slip across some distance below Nanking, with the result that a Japanese cruiser was immediately sent to watch the locality; and there is little doubt that had the Chinese Government made any serious attempt to send troops across the Yangtze the Japanese warships would have opened fire, 'in defence of the International Settlement and of Japanese life and property at Shanghai'; and a new area of hostilities would thus have been created at Nanking. There were, it is true, considerable bodies of Chinese troops in Chekiang and campaigning against the Communists in Kiangsi, but, in the absence of railway communications, conveyance of such of them as were gradually moved up to the front at Shanghai was a slow business.

36. The cessation of hostilities following on the Chinese withdrawal constitutes a suitable point at which to close this report, which brings the story down to March 5th, and I shall reserve for a later despatch some account of subsequent developments, which were from now on more and more involved with the proceedings of the Council and Assembly of the League of Nations at Geneva. In this connexion it remains to record that on February 29th the President of the Council had put forward at Geneva a proposal for the immediate setting up of a round table conference with neutral participation in Shanghai for the purpose of bringing about a final conclusion of the fighting and the restoration of peaceful conditions in the Shanghai area (the course of subsequent events will become clearer when it is remembered that this conference was a part of the original Japanese plan and was first suggested by the Japanese Ambassador in London); and also that on March 4th the Assembly of the League had adopted a resolution



recommending that negotiations be entered into by Chinese and Japanese representatives with the assistance of the neutral Powers for the conclusion of arrangements which should render definite the cessation of hostilities and regulate the withdrawal of the Japanese forces. The implications of these Geneva proposals and the action taken on them in Shanghai will be dealt with in a later report.

37. An index to the paragraphs of this despatch is attached.<sup>25</sup>

I have, &c.,

MILES W. LAMPSON

<sup>25</sup> Not printed.

## No. 26

*Sir R. Vansittart to Mr. Patteson (Geneva)*

*No. 272 L.N. Telegraphic [F 2197/1/10]*

*Immediate*

FOREIGN OFFICE, *March 7, 1932, 12.30 p.m.*

Following for the Secretary of State:—

The Commander-in-Chief has been informed that the Japanese are expecting an attack from the south-west of Shanghai. This may provide cover for interrupting the Shanghai-Hangchow Railway. The first half of the 14th Division landed on March 6th and the second half is reported to be leaving Japan.

As the United States Admiral has senior acting rank to Commander-in-Chief the Admiralty consider that question of co-operation between foreign naval commanders at Shanghai can best be adjusted locally and are not sending definite instructions in the sense of your telegram No. 108.<sup>1</sup> . . .<sup>2</sup>

Sir M. Lampson is having daily meetings with his United States, French and Italian colleagues.<sup>3</sup>

<sup>1</sup> No. 1.

<sup>2</sup> The ensuing part of this telegram summarized information in Nos. 19–22.

<sup>3</sup> In reporting this in his Shanghai telegram No. 154 Tour by wireless of 6 p.m. on March 5 to the Foreign Office, Sir M. Lampson had added: '*Confidential*. In addition to the above I make a special point of holding practically nothing back from my United States colleague and I am pleased to believe he does the same with me.'

## No. 27

*Sir R. Vansittart to Mr. Patteson (Geneva)*

*No. 276 L.N. Telegraphic [F 2245/1/10]*

*Immediate*

FOREIGN OFFICE, *March 7, 1932, 7.15 p.m.*

Following for Secretary of State

Commander-in-Chief's report for March 6th states that truce is continuing. Six Japanese transports with troops on board arrived at Settlement wharves

but no troops have been landed and Japanese state that they will disembark at Woosung. Brigadier<sup>1</sup> reported on March 6th that there had been no fighting since noon on March 4th, but Military Attaché in China after visiting the front, confirms reports that skirmishing has taken place at forward posts in the Japanese line. Military Intelligence at Shanghai have information that Chinese Government do not intend to send reinforcements to the 19th Army which is now centred on Quinsan. If the Japanese advance all Chinese forces under the control of the Nanking Government will be withdrawn and the 19th Army, whose financial resources are still considerable, will be left to fight if it so desires. Fears are expressed of a Communist outbreak in the evacuated area.<sup>2</sup> The Military Attaché at Tokyo reports that the Japanese War Office state that they intend to reorganise on their present line with the 11th and 14th Divisions in front, the 9th Division in the Settlement in reserve and the 24th Brigade at Woosung.

Sir M. Lampson reports<sup>3</sup> very confidentially that his United States colleague has informed him of the instructions received from his Government regarding his participation in the negotiations recommended by the Assembly's resolution of March 4th. American participation is only approved on the understanding that Chinese freely agree to enter into negotiations which would be strictly limited to the liquidation of the military situation and would not discuss outside problems such as Settlement extension or the boycott.

<sup>1</sup> Presumably Brigadier G. Fleming, Officer Commanding British troops in the Shanghai area.

<sup>2</sup> The above-cited report from British Military Intelligence at Shanghai, telegraphed at 2.25 p.m. on March 6, here added that the well-informed Chinese source of this information 'thinks such [a communist] outbreak almost certain in any case and regards yesterday's [sic] disturbance in Shanghai as "dress rehearsal" [?] with] higher degree of organization than C[hinese] C[ommunist] P[arty] have hitherto attained'. With regard to this disturbance Mr. Brennan reported in his wirelessed Shanghai telegram No. 47 of 10.15 p.m. on March 7 to the Foreign Office: 'On March 4th crowds demonstrated wildly in the Settlement and French concession, celebrating alleged Chinese victories over the Japanese, reports of which had been published in . . . [text uncertain] press and posted up in the town. The crowds were on the whole good tempered and confined themselves in the main to firing crackers and commandeering motor cars in which they paraded the streets. The police had however great difficulty in clearing the streets and reserves had to be called out, French police fired several volleys of blank. Reports current at the time that the demonstrations had been organised by the Communists with a view to creating trouble have been shown by enquiry to be without foundation.'

<sup>3</sup> In his Shanghai telegram No. 49 of March 7 to Sir J. Simon at Geneva (copy repeated thence received in the Foreign Office at 3.20 p.m. that day), not printed; cf. *F.R.U.S. Japan 1931-1941*, vol. i, pp. 209-10, also *F.R.U.S. 1932*, vol. iii, pp. 526-7.

*Letter from Sir R. Vansittart to Sir J. Simon (Geneva)*

[F 2234/1/10]

*Most secret*

FOREIGN OFFICE, March 7, 1932

My dear Secretary of State,

With reference to Sir F. Lindley's telegram No. 57 to Geneva<sup>1</sup> of March 4th, referring to the proposed Round Table Conference about Shanghai, I think you should know that there is good reason to suppose that the attitude described therein is that of the military elements in Japan—who appear to have got the upper hand again—if it is not that of the Japanese Government as a whole.

We learn from a most secret but entirely reliable source that the Japanese Minister to China was exercised by the instructions which he has received in regard to his Government's terms (see Shanghai telegram No. 142<sup>2</sup> of March 2nd) for the cessation of hostilities and in particular as to their compatibility with Japanese commitments as regards mutual withdrawal of troops, the distance for Chinese withdrawal, and abstention from insisting on a permanent demilitarised zone.

We learn from the same source that M. Shigemitsu has received explanations in the following sense.

The essential intention of paragraph 1 of the Japanese terms was to facilitate a *voluntary* withdrawal by the Chinese by a temporary suspension of the fighting in the existing position. A real cessation of hostilities and the separation of the two forces were to have been the subject of the proposed conference. Now that the Chinese had been *compelled* to retire, it might be possible to enter upon a Round Table Conference. The broad interpretation of the 'specified distance' as meaning twenty kilometres is confirmed and the extent of the preliminary period of cessation of hostilities is to be agreed locally. The Japanese Government have no objection to the principle of reciprocity in the matter of *guarantees* of withdrawal but consider that it is quite impossible to assent to a simultaneous evacuation. The withdrawal and *concentration* of the Japanese forces (in the Shanghai and Woosung districts) are to be carried out as soon as possible after the withdrawal of the Chinese forces shall have been confirmed.

As regards the question of demilitarisation it would seem that the Japanese have abandoned the idea of neutral zones round Treaty ports, but *not* that of such a zone round Shanghai. They seem to expect the support of other Powers for the latter proposal, and even hope that one of the latter can be induced to advance it. Pending the findings of the Round Table Conference, the Japanese troops will remain generally in the Shanghai and Woosung area: the Japanese have, however, it is stated, not the slightest intention of permanently occupying the Woosung district.

<sup>1</sup> No. 6.<sup>2</sup> Volume IX, No. 648.

It may be useful to recapitulate what we have had stated as the Japanese attitude on the above points.

As regards *mutual* withdrawal of Chinese and Japanese troops, the Japanese ultimatum of February 18th declared that if the Chinese withdraw twenty kilometres the Japanese troops would maintain only the municipal roads area adjacent to Hongkew (Shanghai telegram No. 88<sup>3</sup> of February 20th). The failure of the Chinese to accept the ultimatum would perhaps be alleged by the Japanese to invalidate the offer.

During Sir M. Lampson's negotiations the principle of mutual withdrawal was accepted only guardedly by the Japanese (see Shanghai telegram No. 116<sup>4</sup> to the Foreign Office of February 25th).

After the fighting began in earnest, Sir F. Lindley suggested privately that the Japanese should 'take a big step and offer withdrawal of all troops except marines in the International Settlement on condition that Chinese retired to a good distance' (Tokio telegram No. 36 to Geneva).<sup>5</sup> The Minister for Foreign Affairs after consideration said he could not carry the suggestion against military opinion.

Then we have the Sino-Japanese meetings in the 'Kent', at which, according to the Commander-in-Chief's telegram of February 28th,<sup>6</sup> the 'principle of mutual and simultaneous evacuation was agreed'. The 'Japanese are to withdraw to Settlement and Hongkew salient or as near same as large number of troops . . .<sup>7</sup> can be quartered'. The terms were referred to the Chinese and Japanese Governments and the Japanese reply laid down that 'pending subsequent arrangements Japanese and Chinese forces shall hold their respective positions' (Shanghai telegram No. 142).<sup>8</sup>

We have, I fear, nothing very definite to which to hold the Japanese, except what Monsieur Matsudaira<sup>9</sup> said to you on the subject of a demilitarised zone, as recorded in your telegram No. 90.<sup>10</sup> Pretty clearly they mean to dictate terms including a demilitarised zone and the question for us is whether we shall do anything to stop them. A demilitarised zone voluntarily accepted by the Chinese would be no bad thing, but unless it is voluntarily accepted, of which there seems no chance, it will only be a source of trouble; violation of it will only be an excuse to the Japanese to send troops to Shanghai again. I imagine that the League will hardly acquiesce in the Japanese game, but from what Sir F. Lindley says it will be useless to attempt to stop it.

Yours ever  
VAN

<sup>3</sup> Not printed. This telegram had conveyed the substance of the information in paragraphs 30 and 36 of No. 536 in Volume IX.

<sup>4</sup> See *ibid.*, No. 580.

<sup>5</sup> See *ibid.*, No. 569.

<sup>6</sup> See No. 17, note 5.

<sup>7</sup> Punctuation as in original quotation.

<sup>8</sup> See note 2 above.

<sup>9</sup> Japanese Ambassador in London and head of the Japanese delegation to the Assembly of the League of Nations.

<sup>10</sup> Volume IX, No. 603.

*Letter from Sir E. Drummond (Geneva) to Sir J. Simon (Geneva)*

[F.O. 800/286]

*Personal and Confidential*

LEAGUE OF NATIONS, GENEVA, March 7, 1932

My dear Foreign Secretary,

1. I think you will find good stuff in Motta's and Benes's speeches;<sup>1</sup> but it would, I feel, be a mistake if you were to mention that made by Politis,<sup>2</sup> since he is generally thought to have gone too far in trying to make the best of both the Japanese and Chinese worlds.

2. In order to meet the possible difficulty about the acceptance by the Japanese of the resolution,<sup>3</sup> I would suggest that the best plan might be to make the statement of principles in the form of a declaration instead of a resolution. The only difference in the text<sup>4</sup> which I sent would be that it would begin 'the Members of the Assembly', and that the word 'declare' would take the place of 'resolve'. If this procedure were approved, the President could then ask each member in turn whether or not he agreed to the declaration, and those who agreed would be bound by it. If this happened, we should have to have a separate resolution for the formation of the Committee.

3. We must, I think, be very careful to see that an attempt which is likely to be made to introduce certain new principles of International Law, which up to now have never been admitted, does not succeed. For instance, the South Americans may try to secure a statement that intervention by one country in the affairs of another can never be justified. Such a proposal was, if I remember rightly, made at the last Hague Conference<sup>5</sup> and failed. It equally failed at the last Pan-American Congress held at Havana,<sup>6</sup> because of the opposition of the United States.

Yours very sincerely,

ERIC DRUMMOND

<sup>1</sup> For these speeches of March 5, 1932 (cf. No. 23), by the President of the Swiss Confederation and the Czechoslovak Minister for Foreign Affairs respectively, see *L.N.O.J.*, S.S. No. 101, pp. 52-55.

<sup>2</sup> Greek Minister in Paris; see *ibid.*, pp. 55-56.

<sup>3</sup> For discussion in the League of Nations of draft resolutions arising from the Chinese invocation of Article 15 of the Covenant, prior to the adoption by the Assembly of the resolution of March 11, cf. No. 67 below.

<sup>4</sup> Untraced in Foreign Office archives.

<sup>5</sup> The reference appears to be to the proposition relating to obligatory arbitration submitted to The Hague Peace Conference of 1907 by the Brazilian delegate, Mr. Ruy Barbosa, who maintained that a State should not be forced to submit to arbitration questions which it believed concerned its essential interests and that the State itself should be the judge of the existence of those interests. This proposition was not supported. See *The Proceedings of the Hague Peace Conferences, The Conference of 1907* (Carnegie Endowment for International Peace, New York, 1920 ff.), vol. ii, pp. 406-11, 879; cf. vol. i, pp. 464-5.

<sup>6</sup> At the 6th International American Conference, held in Havana, Cuba, January 16-February 20, 1928, a project concerning 'the existence, equality and recognition of states' had been discussed by the committee on codification of international law. The third

[P.S.] I hear that various resolutions may be proposed today. I wonder whether you would think it wise or possible to submit a draft declaration in the sense of the text I gave you.

E. D.

article of this project declaring that 'no state may intervene in the internal affairs of another' was disputed by the United States. See J. Lloyd Mechem, *The United States and Inter-American Security, 1889-1960* (Texas, U.S.A., 1961), pp. 103-5; cf. *F.R.U.S. 1928*, vol. i, p. 577.

No. 30

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 12)*

*No. 118 [F 3369/1/10]\**

TOKYO, March 7, 1932

His Majesty's representative at Tokyo presents his compliments to the Secretary of State for Foreign Affairs, and has the honour to transmit herewith copy of despatch No. 11 from His Majesty's consul-general, Seoul, dated the 28th [*sic*] February, respecting the situation in Chientao.

ENCLOSURE IN No. 30

*Mr. Royds to Sir F. Lindley*

*No. 11*

SEOUL, February 29, 1932

Sir,

With reference to my despatch No. 7<sup>1</sup> of the 18th instant, I have the honour to report that, according to the local press, the situation in Kanto (Chientao), where a threat of further unrest was reported, owing to the warlike activities of Wong [Wang] Te-ling, has now, as a result of his flight, again become normal.

2. But in order to allay anxiety in the future, a plan is under consideration to increase the number of the Japanese police in the district with a view to coping with any further disturbances which may arise.

3. Moreover, the plan, which has been under consideration for many years, to put the Japanese consular police in Kanto under the control of the Police Bureau of the Korean Government-General, is said to be again in the forefront, and this time is being further extended to include the entire administration of Kanto by the Government-General of Korea. According to the reports, this move, which would mean the complete absorption of Kanto by Korea, and its separation from Manchuria, forms one of the bases of discussion between the Japanese Foreign Office and the persons who have been named as the Government of the new State now being formed in Manchuria.

4. I am sending copies of this despatch to Peking and Mukden.

I have, &c.,

W. MASSY ROYDS

<sup>1</sup> Volume IX, No. 500.

No. 31

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 9, 4 p.m.)*  
*No. 157 Tour. Telegraphic: by wireless [F 2316/65/10]*

SHANGHAI, March 8, 1932

My telegram No. 153.<sup>1</sup>

In order not to misinterpret views of British Councillors and also to induce the latter to clarify their own ideas on the subject I authorized His Majesty's Consul-General to tell them that if they would formulate in a short memorandum their views as to how present situation could be used for an improvement in status of the Settlement, I would telegraph it for your information.

2. Mr. Brennan accordingly addressed letter to British Chairman of Council in this sense which he handed to General MacNaghten who came to see him yesterday accompanied by Mr. Leslie, another British member of the Council. At the same time Mr. Brennan explained to them that much as we all desired to obtain solution of the difficult municipal problems and secure the future of the Settlement on firmer basis we had to consider whether the proposed method was in accordance with the general policy of the Powers especially Great Britain and the United States. He then read to them portions of Colonel Stimson's letter<sup>2</sup> indicating that the United States would refuse to assist in exploiting China's present difficulties brought about by Japanese aggression in China in order to secure further privileges for the International Settlement. He added that Great Britain was likely to adopt the same attitude. Therefore, although the British Councillors' views would be communicated to the Foreign Office<sup>3</sup> they must not be surprised if these were rejected by the latter. Mr. Leslie replied that nevertheless he and many other British subjects in Shanghai felt strongly that the British Government should take a more positive line and abandon defeatist policy hitherto followed, in fact that they should take the opportunity of associating themselves with Japan in re-establishing British position in China. He was himself drafting a telegram to this effect which British residents will shortly despatch to London.

3. His Majesty's Consul-General concluded interview by saying we could not prevent him expressing his views but advising him to be careful as he

<sup>1</sup> No. 20.

<sup>2</sup> Cf. No. 9, note 11.

<sup>3</sup> A memorandum embodying the personal views of three British councillors was transmitted to the Foreign Office in Shanghai telegram No. 178 Tour of March 13, received at 4.15 p.m. the same day. The chairman of the Council stated his inability to be associated with it as Mr. Brennan had requested that the matter should be kept confidential. The councillors suggested: (i) replacement of the current system of Chinese courts of law by courts with both foreign and Chinese judges, (ii) establishment of a final court of criminal appeal, (iii) creation of a demilitarized area embracing the international settlement and concession 'with their "outside" districts and appurtenances'.

might not achieve anything beyond embittering our relations with the Chinese with whom we still have to live and deal.<sup>4</sup>

Repeated to Peking and Mission.

<sup>4</sup> In reply to this telegram Sir R. Vansittart commented in Foreign Office telegram No. 36 Tour of 6.30 p.m. on March 11 to Sir M. Lampson at Shanghai: 'Mr. Brennan seems to me to have spoken very wisely.'

## No. 32

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 8, 3.55 p.m.)*  
*No. 158 Tour. Telegraphic: by wireless [F 2281/1/10]*

*Immediate*

SHANGHAI, March 8, 1932

Matsuoka called on the morning of March 8th. He enquired what prospects were of implementing paragraph 3 of Assembly's Resolution of March 5th [4th].<sup>1</sup>

2. I replied that my colleagues and I had been considering this self same point only last night in consultation with our respective Admirals and had all agreed that we saw nothing we could do about it as the situation at present stood.<sup>2</sup> As I saw it Japanese proposals of March 3rd [2nd]<sup>3</sup> still

<sup>1</sup> See Cmd. 4040 of 1932, No. 9; cf. No. 16.

<sup>2</sup> Mr. Teichman's record of this meeting held at the British Consulate-General at Shanghai at 6 p.m. on March 7, 1932 (copy received in Foreign Office on April 19), stated in particular: 'There was a brief discussion about the League resolution of March 4, the upshot of which was that it was decided that there was nothing to be done for the moment. Monsieur Wilden informed the meeting of the visit he had received from Mr. Matsuoka, who had spoken to him in the same sense as he had spoken to Mr. Johnson in the morning . . . [cf. No. 27, note 3] and would doubtless speak to Sir M. Lampson the next day. The Japanese seemed worried and anxious for foreign mediation. Mr. Matsuoka had undertaken that they would not seek an extension of the Settlement, a Japanese Concession, or anything of that kind. They, the Japanese, would withdraw if the safety of their people could be guaranteed. That was all they wanted. It might be a good idea, they thought, if they could discuss matters with the leading foreign residents of Shanghai. (*Le pied du Diable* was here noticeable, said Monsieur Wilden.) But, nevertheless, he, Monsieur Wilden, thought that given *time*, they, the Japanese, might become more amenable. Also *rain*, Admiral Sir H. Kelly observed, would make them more than ever anxious to get out. Sir M. Lampson said that the position was in effect a complete impasse at present, the Japanese refusing to withdraw until they got their safeguards, and the Chinese refusing to talk until the Japanese withdrew. There was some discussion as to how the safeguards, i.e. protection for the Japanese in the evacuated areas, could conceivably be assured in a manner satisfactory to both sides. The only solution, and that was probably not acceptable to the Japanese, seemed to be some kind of special force of Chinese Gendarmerie, perhaps even with foreign officers. But this was only thrown out (by Monsieur Wilden especially) as an idea. Sir M. Lampson mentioned the pitfalls of mediation and said that their experiences so far in attempting to mediate had been that they had found themselves serving as channels for the presentation of Japanese terms. This was likely to remain the case as long as the Japanese insisted on their demands. Admiral Sir H. Kelly observed that each time the Japanese had started such negotiations they had been the prelude to the landing of Japanese reinforcements. Mr. Johnson remarked that Shanghai was in any case a bad place for any conference. The Colleagues concurred. Monsieur Wilden suggested that some place like Tsingtao would be preferable.'

<sup>3</sup> See No. 25, paragraph 27.



held the field. Those proposals linked up the idea of truce definitely with other wider areas (e.g. paragraphs 2, 3 and 4 of Japanese proposals); and that being so Chinese side had made it abundantly clear that they preferred not to treat. At the same time I believed that Chinese were genuinely anxious to arrange truce if they could honourably do so e.g. if Japanese would agree to withdraw their troops; in which case Chinese might be willing to agree to give some undertaking of a temporary kind to keep outside 20 kilometre zone.

3. Matsuoka seemed to realise this. After all, said he, Japanese delegate to Geneva had in fact agreed to withdrawal in principle by voting for Assembly's resolution of March 5th [4th]. Could I not point this out to Chinese?

4. I replied that I must be frank.

I had had my lesson and so had Admiral Kelly as to dangers of middle man's part (mine on February 18th—Admiral on March 3rd [2nd])<sup>4</sup> and I was not prepared to be drawn in as stalking horse of either party. But if Japanese Minister were to send me *in writing* a statement suitable for communication to the Chinese side to the effect that Japanese were prepared to act on the lines of paragraph 3 of Assembly's resolution of 5th March independently of all other matters it might be that my colleagues and I (for I felt henceforth we four must as far as practicable act together) would feel justified in passing it on to Chinese and trying to get two sides to meet. He said he would at once see Japanese Minister and suggest this to him.

5. He alluded persistently to measures necessary to maintain order and security in the evacuated zone once Japanese had gone—but on that we got nowhere. I opined that whereas neutral powers might well be prepared perhaps by some standing committee to *certify* effective evacuation by both parties I much doubted whether they would be ready to go further or to assume any direct responsibility for policing the zone. He hinted at extended use of settlement municipal police but I warned him that Chinese were *most* unlikely to agree to anything of the sort which they would regard as veiled settlement extension.

6. Finally Matsuoka referred to proposed round table conference; he much doubted as things were working out whether anything was likely to come of it. I said I had from the outset felt that way. Suspicions of Chinese had been thoroughly aroused and I did not see in the circumstances what basis of probable agreement there would be for any such conference; and if that were so it seemed of doubtful wisdom to hold one. An abortive conference was much worse than none at all.

7. Before leaving he hinted vaguely at trying to get local foreign business community heads to meet their Chinese confreres and adjust Shanghai difficulties through that channel. I replied it sounded admirable in theory but for years past we had tried and failed to work in that way. I was afraid prospects of success would be less likely now than ever—to judge by somewhat dictatorial tone adopted by British community at present.

<sup>4</sup> Cf. respectively Volume IX, No. 536, paragraphs 26–31, and in the present volume No. 21.

*Foreign Office Memorandum<sup>1</sup>*

[F 2348/1/10]

*Secret*FOREIGN OFFICE, *March 8, 1932*

... 16. The Japanese Minister<sup>2</sup> admits that the Chinese are bound by nothing except the 'Kent' terms. He evidently regards them as properly binding on Japan also. In view of this and of the apparent Japanese intention to insist at the conference on a demilitarized zone (notwithstanding M. Matsudaira's assurances) it is difficult to resist the conclusion that, while the Chinese are obstinate, the Japanese are not only obstinate but exorbitant, ambitious and deceitful and quite apart from their responsibility for the situation as a whole are mainly responsible for the present impasse.

17. It is to our interest (notwithstanding the unwise attitude of British members of the Shanghai Municipal Council to the contrary) to keep the scope of the proposed conference within narrow limits, and the United States Government have sent very definite instructions to the same effect to the United States Minister in Shanghai. What further can be said as to our immediate attitude?

18. The Japanese appear to be determined, and Sir F. Lindley thinks it will be impossible to move them. On the other hand the Japanese delegate at Geneva accepted (probably under great stress) the Assembly resolution of March 4th, which recommended negotiations for a definite cessation of hostilities and 'to regulate the withdrawal of the Japanese forces'. This can hardly be construed as contemplating a wide scope for the conference and exorbitant conditions for a Japanese withdrawal, but the Japanese will no doubt say that it does not expressly limit the scope of the conference or exclude such conditions for withdrawal, so no hope is to be found in a policy of waiting on the reception to be given to the resolution.

19. The Assembly will probably soon become impatient for results, of which no prospect emerges from the foregoing survey, and we must decide what line we are to adopt if there is a continuance of the deadlock, in order to keep that impatience within bounds and avert the risk of action which may lead us to the brink of Article 16 of the Covenant.<sup>3</sup> The alternatives

<sup>1</sup> This memorandum was written in the Far Eastern Department of the Foreign Office and was minuted as follows by its head, Mr. C. W. Orde:

'This memo. was written for Sir R. Vansittart's information before the meeting of the Far Eastern Committee of the Cabinet on March 8th [see No. 34]. The earlier, narrative, part [not printed] is an expansion of what Sir Robert wrote to the Sec. of State on March 7 [see No. 28], and the memo. has been circulated to the Cabinet to inform them of the course of events.

'No further action is required on the memo. The S[ecretary] of S[tate] has been informed that sanctions are out of the question so far as this country is concerned, & the tactical question discussed in the latter part of the memo. will be considered by him in a clearer, or at least fuller, light at Geneva without the assistance of the memo.

'C. W. Orde 10/3.'

<sup>2</sup> At Shanghai.

<sup>3</sup> Of the League of Nations.

seem to be either to put pressure on Japan, which seems both useless and dangerous, or to adopt the argument that if the Chinese and Japanese are unable to settle between them the terms for the proposed conference (which probably means a continuance of the deadlock—we hear that the Chinese are talking with apparent seriousness of withdrawing almost indefinitely if pressed) the questions with which which [*sic*] the Conference was to deal must be investigated by the Lytton Commission.<sup>4</sup>

20. The terms of reference of the Lytton Commission are wide enough to justify the argument. They are to 'study on the spot and report to the Council on any circumstance which, affecting international relations, threatens to disturb peace between China and Japan, or the good understanding between them upon which peace depends.' The Commission was appointed with reference to the Manchurian problem, but the terms of reference were so widely drawn at the request of the Japanese, in order that the boycott<sup>5</sup> (which is the root of the Shanghai trouble) might be investigated by it. The President declared,<sup>6</sup> when the resolution was introduced, that 'each of the two Governments will have the right to request the Commission to consider any question the examination of which it particularly desires. The Commission will have full discretion to determine the questions upon which it will report to the Council'.

21. The Commission was, of course, appointed by the Council when it was still dealing with the question under Article 11 of the Covenant, but there seems no reason why a report by it on the Shanghai side of the question should not be made, or at any rate made available, to the Assembly for the purpose of dealing with the dispute under Article 15. Indeed this result would seem to follow from the fact that the Shanghai side of the dispute at any rate has now been transferred to the Assembly in accordance with Article 15, and the Council is, therefore, no longer competent to deal with it under that article. In any case the Assembly could no doubt specifically request the Commission to make a report to it, if this formality were considered necessary.

22. The Commission's functions are only to investigate and report, and, though it may, of course, make proposals for a settlement of the dispute, it is for the body to which it reports to decide what action should be taken as to any such proposals. The duty of the Assembly under Article 15 is in the first place to endeavour to effect a settlement of the dispute, and it is only if it is not so settled that a report has to be made in accordance with paragraph 4. The Commission's report would be made, in the first instance at any rate, with the object of assisting the Assembly to settle the dispute, and it would be only after the report had been presented and efforts made by

<sup>4</sup> The Earl of Lytton was Chairman of and British representative on the League of Nations Commission of Enquiry into the Sino-Japanese dispute, as constituted by resolution of the Council on December 10, 1931 (see *L/N.O.J.*, December 1931, pp. 2374-5).

<sup>5</sup> The then Chinese boycott of Japanese goods; cf. No. 7, note 7.

<sup>6</sup> i.e. M. Briand, President of the Council of the League of Nations; cf. *L/N.O.J.*, *op. cit.*, p. 2375).

the Assembly on the basis of the report to settle the dispute had failed that the question of a report by the Assembly under paragraph 4 (with the further question of the effect of a report adopted against the vote of one of the parties to the dispute) would arise. A decision to await a report by the Lytton Commission should, therefore, have the effect of preventing the Assembly from proceeding immediately to draw up a report under Article 15, paragraph 4, and this should render it more difficult for an attempt to be made to press for the immediate application of Article 16.

### No. 34

*Sir R. Vansittart to Mr. Patteson (Geneva)*

*No. 283 L.N. Telegraphic [F 2453/1/10]*

*Immediate*

FOREIGN OFFICE, March 8, 1932, 7.45 p.m.

Following for Secretary of State from Sir R. Vansittart.

The Far Eastern Cabinet Committee met this afternoon and have instructed me to telegraph a summary of their views as follows:—

1. They entirely and warmly approve of and congratulate you upon your speech at the Assembly yesterday.<sup>1</sup>

2. They realize that the Colombian draft resolution<sup>2</sup> would be embarrassing and feel that it might be possible to secure the elimination of the reference to Manchuria therein on the ground that this question is *sub judice* by the Lytton Commission.

3. They desire to draw your attention to Lord Grey's speech at the Albert Hall on March 7th,<sup>3</sup> especially to the manner in which he held the scales between China and Japan.

4. They realize that the hope of a Four-Power Conference at Shanghai is fading, owing to the introduction into the discussion by the Japanese of new elements unacceptable to the United States of America and probably to others.

5. It is desirable to limit if possible any resolution by the Assembly to a

<sup>1</sup> For proceedings of the General Commission of the Assembly of the League of Nations on March 7, 1932, see *L/N.O.J., S.S. No. 101*, pp. 58–67.

<sup>2</sup> See *ibid.*, pp. 63–64.

<sup>3</sup> For a report on this speech by Lord Grey, who had been Secretary of State for Foreign Affairs 1905–16, see *The Times* of March 8, p. 16. Lord Grey was there reported as stating in particular: 'When the League of Nations was founded it was contemplated that it would be the means of maintaining peace between two countries who found themselves involved in a dispute where each was master in its own house. Those who have followed doings in China during the last few years know that there is no Chinese Government which has been master of its own house. Sometimes it has been at war with Manchuria and sometimes with other provinces, and there have been other times when the military force in Manchuria has been avowedly independent of the Government in Nanking. Though we do not know for certain, it looks from what has happened during the last dispute as if there was a military party in Japan which was not subordinate to the civil Government, but acted independently of it.'

reaffirmation of the principles of the Covenant. They recognize, however, that Japanese attitude may make this impossible, and that much stronger resolutions will probably be moved.

6. In the latter event they hope that you will do your best to avoid exasperating Japan and will not go beyond some such expression as 'strong regrets'.

7. They are convinced that sanctions against Japan are out of the question and would not be supported in this country.<sup>4</sup>

<sup>4</sup> On March 9 the Cabinet considered Sir John Simon's memorandum printed as No. 636 in Volume IX and the views of the Far Eastern Committee as set out above. In the course of a short discussion reference was also made to the documents noted in Volume IX in note 2 to No. 614 and note 8 to No. 636. Among points mentioned was the circumstance that the prolongation of the serious situation in the Far East and the inability of the League of Nations to find a solution were exposing the League to criticism and loss of prestige for the present at least. It was generally recognized, however, that a worse course would be for it to threaten or apply sanctions which it could not render effective. It was suggested that between the extremes for the League of that course and of merely reaffirming the principles of the Covenant, an intermediate method, if the facts justified it, might be for the League to state clearly its views that the Japanese action was reprehensible: the mobilization of world opinion was the strongest weapon which the League could bring to bear, and that probably underlay the strong speeches of the representatives of the smaller powers at Geneva. The insistence of the Foreign Secretary on first establishing the facts was generally commended. In the course of the discussion it was suggested that there was danger in adopting an attitude of condemnation towards one of the parties unless and until the Government had decided how far it was ready to go in following up such an attitude. Condemnation would undoubtedly be followed by a demand for sanctions of some kind, and there was no knowing where a halt could be called. It was further suggested that the sanctions provided for in Article XVI of the Covenant had throughout proved a handicap to the League, and more especially to those nations who might be called upon to apply them. It was only the small powers, who would not be required to make serious sacrifices, who wanted to employ sanctions. The Cabinet was reminded that the weak point about the sanctions was the absence of the United States from the League, contrary to expectation when Article XVI had been drawn up. At present they could never be counted on for any form of active co-operation. Subject to this discussion the Cabinet assented generally to the views of the Far Eastern Committee.

## No. 35

*Sir R. Vansittart to Mr. Patteson (Geneva)*

*No. 282 L.N. Telegraphic [F 2290/1/10]*

*Immediate*

FOREIGN OFFICE, *March 8, 1932, 9.30 p.m.*

Following for Secretary of State:—

The Brigadier's situation report for March 8th states that the position regarding the participation in operations of Chinese units other than the 19th Army is uncertain. Much depends on Chiang Kai-shek. The Japanese outpost line now runs from Huangtu station on the Shanghai-Nanking Railway to the neighbourhood of Liuho thus covering ground well outside the 20 kilometre zone. Japanese Headquarters report an inconclusive attack

by Chinese on their right flank and fresh concentration of Chinese troops in that area. Headquarters and part of Japanese 14th Division have landed at Woosung. The 11th Division have been ordered to hold their ground but not to advance.

The Chinese Vice Minister for Foreign Affairs informed Mr. Ingram that the Chinese Commander in the field ordered a general 'cease fire' on March 7th in conformity with the Assembly resolution of March 4th. He complained of firing by Japanese planes over Soochow and Quinsan. He also emphasised that Chinese government could never abandon the two reservations with which they accepted the Assembly resolution, viz. strict limitation of negotiations under third item of resolution to military details of truce and insistence that no political conditions should be attached to withdrawal of Japanese troops.<sup>1</sup>

Sir M. Lampson has arranged with his American, French and Italian colleagues and the four Commanders-in-Chief to send a combined daily report to you for communication to the Heads of their respective delegations at Geneva summarising information received from naval, military and other sources.

The Commander-in-Chief has been keeping his colleagues fully informed of the steps taken by him. The American Commander-in-Chief has through-out preferred to keep out of all negotiations because of bitter feeling between Japanese and Americans. The question of co-operation will be kept in mind.

<sup>1</sup> Mr. Ingram had added to the above particulars transmitted in his Nanking telegram No. 69 of March 8 to Sir M. Lampson (copy received in Foreign Office at 1.45 p.m. that day in Nanking telegram No. 30) that the Chinese Vice-Minister had said that he hoped China could rely upon Sir M. Lampson's support of this standpoint 'in view of manifold British interests which had already suffered and must continue to suffer unless an equitable truce were arranged'.

## No. 36

*Sir R. Vansittart to Sir M. Lampson (Shanghai)*

*No. 34 Tour. Telegraphic [F 2135/82/10]*

FOREIGN OFFICE, March 8, 1932, 10 p.m.

Your telegram No. 41 Tour<sup>1</sup> (of 10th February: Boxer Indemnity payments).

We feel that it is undesirable to acquiesce too readily lest Chinese Government should interpret action as establishing a precedent. Moreover there is the danger that postponement of payment until 1946 may when time comes mean no payment at all. In all the circumstances we are not prepared to agree unless and until United States and Italian Governments are so prepared.

<sup>1</sup> Volume IX, No. 406.

If therefore your United States and Italian colleagues are authorized to agree unconditionally or on condition that the two or other interested Governments do the same, you may notify Chinese Government of our consent at the same time as they make similar communication. It would also be advantageous to obtain written assurance described in your telegram 152<sup>2</sup> but we do not insist on it.

Have United States and Italian instalments been paid?

<sup>2</sup> Of March 4: not preserved in Foreign Office archives. According to the docket it reported that the U.S. Minister had stated that 'if any other government concerned agrees to Chinese request, U.S. Government are not prepared to object to postponement provided they receive written assurance that objects to which funds are devoted do not suffer thereby'. Cf. No. 14, last paragraph.

### No. 37

*Record of a meeting at Shanghai on March 8, 1932<sup>1</sup>*

[F 3529/1/10]

*Confidential*

SHANGHAI, March 8, 1932

#### *Daily Meeting with Colleagues*

Present: H. M. Minister.  
French Minister.  
Italian Chargé d'Affaires.  
Mr. Teichman.

(The American Minister was detained elsewhere and did not arrive.)

Sir Miles Lampson informed his Colleagues of what had passed at his interview with Mr. Matsuoka that morning (see telegram to Foreign Office No. 158<sup>2</sup> of March 8).

Count Ciano said that he also had just seen Mr. Matsuoka, who had spoken to him in a similar sense and had even expressed as his, Mr. Matsuoka's, own suggestions much of what Sir M. Lampson had said to him, including Sir M. Lampson's suggestion, with reference to the apparent Japanese desire to negotiate with the Chinese on the basis of the League Resolution, that the Japanese Minister might approach the foreign representatives with some statement suitable for communication to the Chinese side indicating the desire of the Japanese Government to act on paragraph 3 of the League Resolution independently of all other matters.

Monsieur Wilden said he had that morning seen Mr. Kuo-Tai-Chi who had come to offer condolences on Monsieur Briand's death.<sup>3</sup> They had discussed the situation and Mr. Kuo had not been unresponsive to Monsieur Wilden's suggestion, in connection with the policing of the evacuated area,

<sup>1</sup> A copy of this record was received in the Foreign Office on April 19 under Shanghai covering despatch No. 84 of March 10.

<sup>2</sup> No. 32.

<sup>3</sup> M. Briand had died on March 7, 1932.

of a special Chinese police force officered by neutrals. Mr. Kuo had however made the point that the offer should come from the Chinese Government. If the foreign representatives though[t] it worth while, the Chinese Government might consider making such an offer. He had Dr. T. V. Soong's special salt troops<sup>4</sup> in mind.

Sir M. Lampson agreed that the idea was well worth considering; and he mentioned, as a precedent, the Swedish officered Persian gendarmerie force.

Sir M. Lampson then submitted to his Colleagues the drafts of two joint telegrams<sup>5</sup> to Geneva (see Record<sup>6</sup> of Meeting with Colleagues and Commanders-in-Chief the evening before) which were discussed and adopted.

It was agreed that as these joint telegrams were to be sent daily by H.M. Minister on behalf of his Colleagues, the cost should be shared by the four Legations.

Count Ciano said he had received a telegram from Harbin reporting that the new independent Government of Manchuria would be proclaimed and a new Customs tariff, with rates lower than those of the Chinese tariff, announced on March 12.

Monsieur Wilden read the substance of a telegram from Tokyo to the effect that the Japanese Government had instructed Monsieur Sato<sup>7</sup> to accept without reserve the League Resolution and to intimate the willingness of the Japanese to open negotiations with the Chinese at once. As regards the reinforcements arriving, these merely completed the Division already *en route*. It seemed that the Japanese were sincere in their desire to avoid further hostilities, and that their only desire now was to complete the liquidation of the Shanghai situation. Admiral Abo<sup>8</sup> had left for Shanghai to enquire into the check originally suffered by the Japanese landing party.

After the meeting, as Mr. Johnson had failed to turn up, Mr. Van Engert (First Secretary of U.S. Legation) came round and approved the joint telegrams on his behalf.

E. T.      M. W. L.

<sup>4</sup> The reference would appear to be to special troops assigned to a Salt Preventive Service under the authority of the Chinese Minister of Finance.

<sup>5</sup> These telegrams, sent to Geneva as Sir M. Lampson's telegrams Nos. 50 and 51 of March 8 and 9, related to the arrangement explained in the penultimate paragraph of No. 35, and are printed in *L/N.O.J., S.S. No. 101*, pp. 68-69 and 70 respectively. The ensuing joint situation reports Nos. 2-22 are printed *ibid.*, pp. 216-20.

<sup>6</sup> Cf. 32, note 2.

<sup>7</sup> Japanese Ambassador at Brussels and a member of the Japanese delegation to the League of Nations.

<sup>8</sup> A member of the Japanese Supreme War Council and a former Minister for the Navy.



*Mr. Eastes<sup>1</sup> (Mukden) to Sir M. Lampson (Peking)*

*No. 28 [F 2962/1/10]*

MUKDEN, March 8, 1932

Sir,

In my telegram, Tour Series No. 2<sup>2</sup> of March 7th, 1932, addressed to you at Nanking and repeated as No. 21 to His Majesty's Legation at Peking, I had the honour to report particulars of the official invitations in Chinese received by my Colleagues and myself, to attend at Changchun on the afternoon of the ninth day of the third month of the first year of 'Ta T'ung', to witness the formal ceremony for the inauguration of the 'Regent of the State of Manchuria'.

2. It appears that the 'rumour' alluded to by the Japanese Commissioner of Customs at Dairen (please see Mr. Dening's despatch to His Majesty's Ambassador at Tokyo No. 26<sup>3</sup> of March 4th), that the ex-Emperor Hsüan T'ung<sup>4</sup> would twice refuse, and thereafter accept, the request of the Chinese delegation from Mukden to assume the rôle of Head of the new State, tallies with the facts, and that, as was to be expected, Mr. Fukumoto's anticipation was entirely accurate.

3. Immediately on receipt of the invitation to attend the inauguration ceremony, I paid a call on my American Colleague, who is Senior Consul here, to discuss the question with him. As I fully anticipated, Mr. Myers at once agreed that it was out of the question that we should attend the ceremony, or even acknowledge the receipt of the invitation; he told me, moreover, that he had already received a telegram<sup>5</sup> from the State Department directing him to take no action with regard to the new State without explicit instructions from Washington.

4. The Staff of the American Consulate-General here now includes one full Consul and two Vice-Consuls, but Mr. Myers has felt obliged to refuse the request that one of the three might be allowed to go up to Changchun, unofficially, for the ceremony, as it would be impossible for any of them to conceal their identity, and the presence of any one of them would almost certainly be misrepresented.

5. My French Colleague, whom I saw later on, likewise agreed that it was impossible either for himself or for his Vice-Consul to attend the ceremony.

<sup>1</sup> H.M. Consul-General at Mukden. The filed copy of this despatch was sent under Mukden formal covering despatch No. 28 of even date to the Foreign Office (received on March 30).

<sup>2</sup> Untraced in Foreign Office archives.

<sup>3</sup> This despatch from H.M. Acting Consul at Dairen is untraced in Foreign Office archives.

<sup>4</sup> The title of Mr. Henry Pu Yi (1906-67) as Emperor of China, November 1908-February 1912, and for a few days in July 1917. For his own account of his appointment as Chief Executive of Manchuria, see *From Emperor to Citizen—the Autobiography of Aisin-Gioro Pu Yi*, vol. ii (Foreign Languages Press, Peking, 1965), pp. 253-7.

<sup>5</sup> See *F.R.U.S.*, 1932, vol. iii, pp. 495-6.

6. From my American Colleague, whom I saw again later in the evening of March 7th, I learned that an American press correspondent had just paid a visit to T'ang-Kang-Tzu, the hot-springs resort on the main line of the South Manchuria Railway (where, as reported in my telegram No. 53<sup>2</sup> of November 20th, 1931, the ex-Emperor had been on November 18th of last year) and had endeavoured to get into touch with His ex-Majesty, who was reported to have arrived there again on March 6th. This, however, he failed to do, as the movements of all persons at T'ang-Kang-Tzu were subject to the strictest control by Japanese military authorities. The press correspondent was therefore proceeding direct to Changchun, whither the ex-Emperor was, it was reported, to be conveyed from T'ang-Kang-Tzu by special train on March 8th. This latter report is confirmed by 'The Manchuria Daily News' of March 7th.

7. Naturally enough, considerable space in that paper is taken up by details of the programme of the Ceremony to be held at Changchun on March 9th, when the ex-Emperor is to be installed as 'Regent', and to be presented by General Chang Ching-hui, as Chairman of the moribund 'North Eastern Administrative Council', with a solid gold Privy Seal of the new State.

8. Other articles in the same paper announce that, immediately after the conclusion of the ceremony, a new Central Bank is to be established, with power 'to issue notes under rigorous supervision of the State Government, to carry on business with other banks at home and abroad'. The Head office of the new State Bank is to be opened at Changchun on the premises of the local Branch of the North Eastern Provincial Government Bank, and Wu En-p'ei, at present the Mukden General Manager of that Bank, is to be the first General Manager of the new Central Bank. I understand that Mr. Sudo, the Director of the South Manchuria Railway Company, whose good offices proved so helpful to Mr. B. T. B. Boothby in his negotiations for the release of Peking-Mukden Railway Funds on behalf of the British and Chinese Corporation,<sup>6</sup> is to be the Senior Adviser for financial affairs to the Government of the new State. Mr. Sudo is leaving Mukden on March 8th for Tokyo, and is expected to be back in Manchuria in about a month's time.

9. But the most important article in 'The Manchuria Daily News' of March 7th is that of which I have the honour to forward a copy<sup>7</sup> herewith, purporting to give the substance of the Government Organization Law for the new State. Chapter I of this Law deals with the duties and prerogatives of the Regent, whose term of office is not defined. Especially noteworthy is the unqualified pronouncement of Article 4 of this Chapter, that 'The Regent is nominated by all the people'. Other Chapters of the Law define the composition and functions of (II) the Senate, (III) the Legislative Council, (IV) the State Council, and (V) the Judicial Court, of the New State.

<sup>6</sup> See Volume IX, Nos. 54 and 79.

<sup>7</sup> Not here printed.

10. I am forwarding copies of this despatch to the Foreign Office, to His Majesty's Ambassador at Tokyo, to the Diplomatic Mission at Nanking, and to His Majesty's Consular Officers at Harbin, Newchwang and Dairen.

I have, &c.,

A. E. EASTES

No. 39

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 14)*

*No. 128 [F 3420/40/23]*

TOKYO, March 8, 1932

Sir,

I have the honour to transmit herewith a translation of a portion of a message read by Lieutenant-General Araki, the Minister for War, at a Conference of Army Divisional Commanders which was held in Tokyo on March 3rd. The translation has been compared with the Japanese version as published by the 'Tokyo Nichi Nichi' and has been found to represent fairly accurately, except in one small particular, the sense of the Minister's message.

2. There is in my opinion much truth in General Araki's statement to the effect that the present crisis has produced a spiritual resurrection in the Japanese people, for not since the time of the Russo-Japanese War has there been such enthusiasm as has been aroused by the military operations in Shanghai. It is not impossible that a military officer of General Araki's nationalist proclivities conscientiously believes that the indirect cause of the present troubles is to be found in the spiritual laxness alleged to have been induced in the majority of the nation by contact with the west; but his satisfaction with the regeneration of the people and of the army by recent events is, I think, clear evidence of his conviction that this country is going to be saved only by military authority.

I have, &c.,

F. O. LINDLEY

ENCLOSURE IN No. 39

*Extract from the 'Japan Advertiser' of March 4, 1932*

Araki Laments Lack of National Spirit.

(Translation.)

Lieutenant-General Sadao Araki, Minister of War, urged that army officers must be resolute in coping with the present national crisis, during a speech delivered at the conference, yesterday, of the commanders of army divisions. The conference was attended by all division commanders, including those of the Japanese garrisons at Korea and Formosa. General Araki said in part:—

'Japan is now confronted with an extraordinary situation. I desire

that you resolutely face the present critical situation of the Empire with strong determination. There are many, unable to grasp the fundamental difference between the two, who consider the present incident as no more than the Siberian expedition or the Tsinan incident. The significance and gravity of the present trouble makes it much more serious.

'A great proportion of the Japanese people are, of late, poisoned by the utilitarian trend of thought of the West, and are forgetful of the peculiar mission of the Japanese race. It was at the moment that they were indulging in the dream of inactive ease, with the country on the verge of ruin, that the present incident broke out, and gave stimulus for the resurrection of the national spirit.

'The distant cause of the present affair is the spiritual neglect of the Japanese people, and the affair is now the cause of the spiritual national resurrection. We cannot but be moved by the conduct of some of the officers and men in China, which are evidences that the spirit of the Japanese army has not yet degenerated.

'I wish that you take all these points into consideration and make all possible efforts for the realisation of the principles for which our army stands. At the same time you should endeavour to encourage this spirit among your subordinates.

'They should be congratulated who become more and more conscious of the serious situation which confronts the nation and try to lead the nation to her proper destiny. But any one who is guilty of rash conduct, animated by misguided enthusiasm, forgets the duty of a soldier and ignores the discipline of the army, which is based on the five articles of the Imperial army rescript.<sup>1</sup> Any such conduct defiles the sacred discipline of the army, and must be severely punished.'

<sup>1</sup> The Emperor Meiji's Imperial Rescript of 1882 to soldiers and sailors is printed in Hillis Lory, *Japan's Military Masters* (New York, 1943), pp. 239-45.

## No. 40

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 9, 4.30 p.m.)*

*Nos. 159 and 160 Tour. Telegraphic [F 2317/1/10]*

SHANGHAI, March 9, 1932, 1 a.m.

My telegram No. 158,<sup>1</sup> paragraph 4.

Japanese Minister called evening of March 8th and handed me a paper presumably for presentation to the Chinese but as conversation developed he seemed to realise that it was hardly likely to produce favourable results. Paper runs as follows:

The Japanese authorities, both civil and military, at Shanghai are prepared to enter into negotiations with Chinese authorities in accordance with the terms of the resolution of the assembly of the League of Nations of

<sup>1</sup> No. 32.

4th March. As there is reason to entertain some anxiety concerning the situation at the front, it is deemed a matter of urgent necessity to reach at an earliest possible date a definite agreement for complete cessation of hostilities.

The Japanese authorities have all the way presumed that the Japanese attitude on the matter has been understood by the Chinese authorities. However, failing to hear anything from the Chinese authorities since afore-said resolution was passed by the assembly of the League of Nations, they wish to make clear beyond all doubts their readiness to negotiate along lines laid down in the Resolution. Ends.

2. I told him as my personal view that Chinese attitude seemed to be that cessation of hostilities and withdrawal of Japanese troops must go together, and reminded him of what Kuo Tai-chi had said at private meeting in my presence on March 3rd.<sup>2</sup> I also reminded him that at one moment Kuo Tai-chi had seemed to hint that China might be ready to give an undertaking not to re-enter zone for a given period if Japanese troops withdrew; I had felt at the time that that was an opening that might have been followed up but had supposed that he purposely did not wish to at that juncture. I begged him, however, on no account to regard my impression of Chinese attitude as being in any way an authoritative interpretation but said that my impression was strengthened by telegram just received from Mr. Ingram (telegram No. 69 to Shanghai)<sup>3</sup> recalling that in accepting assembly's resolution of March 4th, Dr. Yen had made two reservations viz: *strict limitation of negotiations under paragraph 3 thereof to military details of truce* and insistence that there should be *no political conditions attached to the withdrawal of Japanese troops*. I added my information was that the Chinese would in no circumstances abandon this attitude.

3. Japanese Minister said this all required further consideration and I handed him on a slip of paper the words underlined<sup>4</sup> in paragraph 2 above.

4. He spoke of Japanese troops being ready to withdraw to the Settlement 'and around it'. They would, however, have to remain for a period in occupation of Japanese mill at Woosung where they could find the necessary accommodation for some of their large numbers.

5. Finally he said he had this morning<sup>5</sup> seen the Japanese military commander who had assured him positively that all fighting had now ceased.

6. Just before leaving he suggested that the time might soon be ripe for perhaps a 'little tea party'. I said I should always be delighted to help but was now more than ever pledged to act in the fullest consultation with my three colleagues.

Repeated to Mission, Peking and Tokyo.

<sup>2</sup> See No. 3.

<sup>3</sup> See No. 35, note 1.

<sup>4</sup> Here italicized.

<sup>5</sup> i.e. on March 8.

## No. 41

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 61<sup>1</sup> Telegraphic [F 2320/1/10]*

TOKYO, March 9, 1932

Minister for Foreign Affairs complained last night that refusal of Chinese to negotiate cessation of hostilities except on terms was unreasonable and was making his relations with Japanese military difficult. He asked whether some conference without Chinese was not possible.

I did not respond to this suggestion and told him that it seemed to me most desirable that Japan should make a concession as regards evacuation. Unless they did that I saw little chance of progress.

I gathered that Minister for Foreign Affairs was still most anxious to finish Shanghai<sup>2</sup> and feared that military would start something new unless he succeeded. His last remark was that he expected little from Chinese until after the Assembly was over at Geneva.<sup>3</sup>

Repeated to Shanghai and Foreign Office No. 161.

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 161 to the Foreign Office at 3.40 p.m. (received at 4 p.m.) on March 9.

<sup>2</sup> This should presumably have read: 'to finish with the Shanghai affair'; cf. note 3 below.

<sup>3</sup> In this connexion Sir F. Lindley commented in his Tokyo despatch No. 135 of March 10 to the Foreign Office (received April 12, not printed): 'It may well be that Mr. Yoshizawa's surmise is correct, but the news reaching the Embassy from Shanghai during the last two days leads one to hope that the very genuine anxiety of the Japanese of all parties to finish with the Shanghai affair may lead them to make the concessions necessary to induce the Chinese to attend a preliminary meeting to regulate the cessation of hostilities and evacuation, if not the Round-Table Conference which is destined to deal with the more permanent aspect of Shanghai.'

## No. 42

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 9, 9 p.m.)*

*No. 162 Tour. Telegraphic: by wireless [F 2343/1/10]*

SHANGHAI, March 9, 1932

My telegram No. 51 to Geneva.<sup>1</sup>

Following additional points being in the nature of proposals rather than reports on events were purposely omitted from joint report.

2. Northern part of Japanese line running up to Liuho is a long way outside the 20 kilometre zone measured from the settlement boundary. From the Japanese point of view this may be argued to be a military necessity, Liuho being their base occupied before the cease fire.

3. Commander-in-Chief suggests that it be pointed out that as long as the two armies are facing each other in such close proximity it cannot be said that hostilities have ceased.<sup>2</sup>

<sup>1</sup> See No. 37, note 5.

<sup>2</sup> Cf. No. 45 below, note 1.

4. Commander-in-Chief has also furnished the following information. H.M.S. 'Wishart' passing up the river reported March 7th no firing heard, three Japanese cruisers, one destroyer and one transport anchored seven and a half miles above Liuho, base camp with motor launches and tugs abreast of ships. This is the furthest point up the river that Japanese have landed troops.

Repeated to Peking, Tokyo and Mission.

#### No. 43

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 9, 6.30 p.m.)  
No. 163 Tour. Telegraphic: by wireless [F 2318/1/10]*

SHANGHAI, March 9, 1932

My telegrams Nos. 159 and 160.<sup>1</sup>

It was subsequently suggested to me that if Japanese would add at the end of paragraph 1 of their formula some such words as 'and to arrange for withdrawal of Japanese forces', Chinese could not well take exception to it seeing that it would be practically verbatim the same as paragraph 3 of Assembly's resolution of March 4th.

Accordingly I suggested this to Japanese Minister whom I met later at dinner and he promised to consider it at once in consultation with Matsuoka [Matsuoka].

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> No. 40.

#### No. 44

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 9, 4.10 p.m.)  
No. 164 Tour. Telegraphic: by wireless [F 2366/1/10]*

SHANGHAI, March 9, 1932

Japanese Minister has adopted bodily suggestion reported in my telegram, No. 163,<sup>1</sup> and has now amended paragraph 1 of his formula of March 8th (see my telegram No. 160)<sup>2</sup> to end with words 'cessation of hostilities, *and then to discuss and determine arrangements for withdrawal of Japanese force[s]*'; (words underlined<sup>3</sup> are new). Second paragraph remains unchanged.

2. I pointed out that inclusion of word 'then' might make all the difference between acceptance and rejection by Chinese—they would almost certainly wish to make discussion of cessation of hostilities and withdrawal of Japanese troops simultaneous—would he not omit the word? He maintained that he was unable as withdrawal necessarily depended on cessation, and latter must

<sup>1</sup> No. 43.

<sup>2</sup> No. 40.

<sup>3</sup> Here italicized.

in fact be decided upon first. Having failed to shake him I am seeing Kuo Tai-chi and will now hand him revised formula. This is in accordance with agreed procedure<sup>4</sup> with my colleagues this morning March 9th.

Repeated to Peking, Tokyo and Mission.

<sup>4</sup> This should probably have read: 'procedure agreed with'.

## No. 45

*Sir R. Vansittart to Mr. Patteson (Geneva)*

*No. 289 Telegraphic [F 2350/1/10]*

FOREIGN OFFICE, March 9, 1932, 10 p.m.

Following for Secretary of State:—

Admiral Abo late Japanese Minister of Marine and Admiral Nomura discussed the situation with Commander-in-Chief on March 9th. The latter considers they are desperately anxious for settlement and would withdraw troops from settlement area if some guarantee existed that Chinese troops would not advance. If the weather breaks Japanese must fall back or be stuck in the mud.<sup>1</sup> The Japanese Admirals still clung to idea of at least a temporary neutral zone round Shanghai. Commander-in-Chief gave it as his personal opinion that an honourable withdrawal of Japanese troops to the settlement must be arranged and that Chinese could not be asked to conference until they knew its agenda. He said the four Commanders-in-Chief would co-operate if asked in arrangement of permanent truce but he considered that conference agenda could best be arranged at Geneva.

The United States and Belgian governments have been asked by the Chinese to support China's two reservations to the Assembly resolution (see my telegram 282).<sup>2</sup> . . .<sup>3</sup>

<sup>1</sup> In his Shanghai telegram No. 161 Tour of 12.55 p.m. on March 9 to the Foreign Office (received at 5 p.m. that day) Sir M. Lampson had transmitted a report of March 8 from the British Military Attaché in China, stating in particular: 'Conversations with [Japanese] senior officers tend to show that they are beginning to appreciate correctly the military situation which will lead them nowhere should they persist in their aggressive tactics. Japanese Military Attaché informs me that the 14th Division will when completely arrived relieve the 9th Division which will then go into reserve. I can trace no signs that Japanese have any further advance in mind.' The Military Attaché further reported on March 10 (Shanghai wireless telegram No. 169 Tour of that day to the Foreign Office, received at 4.40 p.m. on March 11): 'Japanese staff give 14th division as only one fully mobilized strength 20,000. 9th and 11th each 10,500. 24th mixed brigade 2,500. Naval units present strength on shore 3,500.' Also on March 10 Admiral Sir H. Kelly reported (as relayed in Foreign Office telegram No. 300 of 9.30 p.m. that day to Geneva) 'that the situation remained quiet, both sides observing truce. Rain is falling, and this will affect Japanese transport arrangements. . . . Whilst two armies are in close proximity, hostilities cannot be said to have ceased.'

<sup>2</sup> No. 35.

<sup>3</sup> The remainder of this telegram summarized information in Nos. 32 and 41.



No. 46

*Letter from Mr. Hugh Wilson (Geneva) to Sir J. Simon (Geneva)*

[F.O. 800/286]

GENEVA, March 9, 1932

My dear Sir John,

With reference to our conversation this afternoon,<sup>1</sup> I find that our Minister in Shanghai has been instructed along the following lines:<sup>2</sup>

In addition to instructing him to co-operate in reporting on the questions of fact concerning the cessation of hostilities, the Resolution of the Assembly of March 4th was quoted to him in full. At the same time Mr. Stimson informed him that he understood that the proposed conference was to be based on the principle that China fully consented to such a conference, and that the discussions in it were to be limited to the matter of terminating hostilities, evacuating military forces and the immediate re-establishment of peace in the Shanghai area. Mr. Stimson also informed him that it was his understanding that Japan had already made clear that she had 'no political or territorial designs and no intention of establishing a Japanese settlement in Shanghai or otherwise advancing the exclusive interests of the Japanese.' Furthermore, he felt that the whole proposal was aimed at the immediate re-establishment of peace in the Shanghai area, without prejudice [to] or qualification of any position previously taken by the League or any Power with relation to Sino-Japanese affairs, and that the co-operation of the Powers was invoked and is being offered for the common purpose of stopping armed conflict and restoring peace.

Believe me, my dear Sir John,

Very sincerely yours,  
HUGH R. WILSON

<sup>1</sup> See *F.R.U.S.* 1932, vol. iii, pp. 545-6. No record of this conversation has been traced in Foreign Office archives.

<sup>2</sup> See *F.R.U.S. Japan 1931-1941*, vol. i, pp. 209-10.

No. 47

*Mr. Bailey<sup>1</sup> (Batavia) to Sir J. Simon (Received April 14)*

No. 25 [F 3417/571/23]

*Confidential*

BATAVIA, March 9, 1932

Sir,

With reference to my dispatch No. 5<sup>2</sup> of the 7th January last I have the honour to transmit herewith a copy of a Confidential letter that I have

<sup>1</sup> Acting British Consul-General at Batavia.

<sup>2</sup> This covering despatch, not preserved in Foreign Office archives, transmitted translations of articles in the *Java Bode* of December 21 and 29, 1931, relating to Japanese fisheries in Indian waters.

written today to the Governor of North Borneo relative to the views of the Netherlands-Indian authorities on a reported project to permit the establishment of a Japanese fishing industry at Sandakan. It would be improper in me to do more than present the Dutch views of the case, which are readily comprehensible, but I trust that I do not exceed the bounds of propriety in doing so if I record my conviction that sympathetic reception of these views would earn the lasting gratitude of the Netherlands-Indian civil and naval authorities alike.

I have, &c.,  
JOHN BAILEY

ENCLOSURE IN NO. 47

*Mr. Bailey to Mr. Richards*

*Confidential*

BATAVIA, March 9, 1932

Sir,

I have today received a visit from Mr. van Anrooy 'Hoofd van den Dienst van Scheepvaart' of the Government of Netherlands-India, who expressed to me grave perturbation at what he understands to be the intention of the authorities of North Borneo actively to countenance the establishment of a Japanese fishing industry at Sandakan. The literal translation of Mr. van Anrooy's title is 'Head of the Shipping Service', but his office may be described as combining with charge of the Government's vessels the functions of the Mercantile Marine Department of the Board of Trade and those of Trinity House. Mr. van Anrooy understood that the Japanese proposed to base a fleet of some fifty fishing vessels on Sandakan and to erect refrigerating plant there, and that the Collector of Customs had given them an assurance that everything possible would be done to help them. Mr. van Anrooy gave me to understand that the authorities of Netherlands-India view the project with considerable apprehension. He said that they have much trouble as it is with Japanese fishermen, who respect neither territorial waters nor rules and regulations, and he feared that, were such people to be established in force at Sandakan, they would undoubtedly descend on neighbouring Dutch waters. He pointed out other likely and possibly even more undesirable forms of Japanese activity which will doubtless occur to Your Excellency. Mr. van Anrooy said that he had consulted the General Secretary to the Government of Netherlands-India (who for practical purposes may be considered the Government) and had been advised to approach me unofficially to see whether anything could be done not, as he said, 'to choke the Japanese off altogether', for he feared that might be impossible, but 'to curtail their activities'. Mr. van Anrooy, who spoke in the friendliest spirit, fully realised that there were other aspects of the question that had to be considered but, begging me to keep the matter confidential, asked me to do what I could to assist the Dutch authorities in this matter. I replied that I would gladly do what I could to make their views known to the British

authorities concerned, though I could not, of course, make any promises as to what would come of my action. I have the honour to bring these views to Your Excellency's notice in the earnest hope that they will receive the sympathetic consideration to which I venture to think they are, for many reasons, entitled.<sup>3</sup>

I have, &c.,  
JOHN BAILEY

<sup>3</sup> Copies of this letter were also sent to the Governor of the Straits Settlements, H.M. Representatives at Tokyo and The Hague, the Australian Prime Minister and Minister for External Affairs, and the British Naval Staff at Singapore.

### No. 48

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 10, 7.20 p.m.)*  
*No. 166 Tour. Telegraphic: by wireless [F 2441/1/10]*

SHANGHAI, March 10, 1932

Shanghai situation.

In accordance with my usual custom I met joint Committee<sup>1</sup> on March 9th to give them opportunity to put forward their views, which in the course of full and frank discussion were presented as follows.

2. It was inconceivable after all the British community in Shanghai had gone through during the past five or six weeks, including heavy business losses, that there should be a return to the *status quo ante*, and it was urged that the opportunity must be taken of the situation as it now existed to collaborate with Japan in securing the settlement of long outstanding questions. These on cross-examination were defined as follows: (a) external roads, (b) court, (c) demilitarization in and around Shanghai.

3. As regards (a) the committee realizing Chinese objection to the term 'settlement extension' suggest what was required was some form of joint Chinese-foreign administration of extra settlement *areas* (not only roads) at least up to the railway in the west and in Hongkew salient in the north, preferably on the lines of Feetham's report.<sup>2</sup> This would include supply of municipal services, e.g., water, telephones, light, etc., for which charter should be given to Chinese and foreign companies.

4. As regards (b) what was required was replacement of district court (former (? Chinese customs) court) by an international court under foreign control.

5. As regards (c) they insisted that some measure of demilitarization was

<sup>1</sup> Of the China Association and the British Chamber of Commerce in Shanghai.

<sup>2</sup> The third volume (consisting of Part VI which dealt with the External Roads Areas) of Judge Feetham's Report had been published in Shanghai after submission to the Shanghai Municipal Council in June 1931. For Judge Feetham's arrival in Shanghai, see Volume VIII, No. 214, note 2.

essential in order to prevent recurrence of dangers to which the Settlement had been exposed during the past weeks.<sup>3</sup>

6. I did my best to explain the difficulties and realities of the situation with special reference to suggested round table conference and the fact that other governments as well as His Majesty's Government were concerned, while making it clear that I had as yet received no instructions regarding the attitude of His Majesty's Government towards the conference and the questions they had raised. Nor was it by any means certain that any such round table conference would be held. I suggested that they should crystal[l]ize their views in writing and understand that they will do so. There was distinct tendency amongst some of the speakers to belittle America and question any policy of too close co-operation with her.

7. As regards desiderata set forth in paragraphs 2 to 5 above I cannot see Chinese Government ever agreeing to the establishment of foreign controlled international court which would have to take jurisdiction over a million or so Chinese. Any form of settlement extension if called by that name is also, I fear, out of the question but opportunity might conceivably (though I fear not easily) arise to secure by friendly discussion some improvement of existing arrangements in regard to extra-settlement area inside railway line in the west, though even as to this I should be chary of being optimistic. Japanese will presumably insist on (? similar expansion) in their corresponding area in the north. As regards (c) demilitarization; something of the sort *may* be evolved out of pending Chinese-Japanese negotiations for mutual withdrawal of troops; but for us to obtain it willingly out of Chinese is I fear quite impossible. Any chance there may ever have been of getting it by agreement

<sup>3</sup> Mr. Teichman's minute of this meeting recorded, in particular, the following statements by members of the joint Committee: 'Mr. Woodhead suggested that the possibility of agreement [with the Chinese Government regarding Shanghai] would be increased by removing the idea that the Powers held China blameless for the events of the past few weeks. Mr. Massey said that seventy-five percent of the trouble had been due to the bad Chinese courts in the Settlement. H.M. Consul-General, in reply to Sir M. Lampson's request for an expression of his views on this point, said that it was asking a great deal of Chinese courts to take the side of the Japanese in these matters. He feared that any court to give satisfaction in times of political excitement and boycott would have to be a non Chinese court. Mr. Burkhill then made a statement. . . . He had many Japanese friends and they had told him that the miscarriages of justice in the Chinese courts in boycott cases had been the last straw. To put it baldly cargo had been stolen again and again. Sir M. Lampson fully concurred that the Chinese had behaved very foolishly over the boycott and had put themselves in the wrong in their methods. He had told them this again and again. Mr. Burkhill continued that they wanted conditions which would not allow such a situation to recur. Mr. Arnhold said that if they were to go back to the *status quo* involving the defeat or loss of face for the Japanese the lot of all foreigners would be made impossible.' The question of the district court at Shanghai was further mentioned at the meeting of British, American, French, and Italian diplomatic representatives at Shanghai held at noon on March 11, 1932. On this point, according to Mr. Teichman's record of this meeting, 'Mr. Johnson fully agreed with Sir M. Lampson that until the recent troubles with Japan there had been no serious complaints about the Court. He had not heard a sound on the subject. Sir M. Lampson said that analysing the situation it came to this that the Court could not be counted on to suppress boycott irregularities.'

was destroyed when Tokyo launched their ill-timed feeler regarding the five demilitarized areas.<sup>4</sup> We also know how strongly America feels on the subject.

Repeated to Peking, Mission and Tokyo.

<sup>4</sup> See Volume IX, Nos. 393 and 408; cf. No. 25, paragraph 29.

#### No. 49

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 10, 10.30 p.m.)*  
*No. 167 Tour. Telegraphic: by wireless [F 2444/451/10]*

SHANGHAI, March 10, 1932

I have received several confidential letters from Inspector General of Customs since September regarding danger of interference with customs in Manchuria, copies of some of which should already have reached Foreign Office.<sup>1</sup>

2. On February 21st Inspector General of Customs informed me that he had been authorised by Dr. Sung to approach me and my United States colleague with regard to this danger and enquire as to possibility of our Governments making representations to Japan in the interest of customs secured loans. I said that I was decidedly opposed to raising question in advance with the Japanese; I further stated my view that if any independent administration in Manchuria showed signs of interfering with customs, two main points to cling to were (1) integrity of customs administration and (2) maintenance of foreign loan service: if Manchurian authorities insisted on retaining customs surplus (after foreign loan service was paid) it would be folly to resist at the expense of disruption of customs machinery (cf. plan of June 1st 1930, Mr. Aveling's arrangement for retention of surplus at Canton last year).<sup>2</sup>

Inspector General of Customs said he would quote this view to Minister of Finance. I do not know what, if anything, passed between Inspector General of Customs and United States Minister<sup>3</sup> but I informed latter verbally of my attitude.

3. Inspector General of Customs has now communicated the following telegram received on March 9th from Commissioner at Antung.

<sup>1</sup> Copies of letters (not printed) addressed in the earlier part of 1932 to H.M. Legation in China by Sir Frederick Maze, Inspector-General of the Chinese Maritime Customs, were not received in the Foreign Office before March 16. For earlier notice of this question cf. Volume IX, No. 1.

<sup>2</sup> This clause was not fully clear to the Foreign Office and was tentatively amended to read as follows: 'cf. plan of June 10th 1931, compromise arrangement for', &c. It would appear, however, that the original references may have been to the arrangements made with regard to the customs revenues at Tientsin in the summer of 1930 (cf. Volume VIII, No. 281) and at Canton in 1931 (cf. Volume IX, No. 1).

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 562.

Begins.

In continuation of my telegram<sup>4</sup> of today Superintendent has received instructions from North-East Administrative Committee that Customs House is to be under its control, that Superintendent is to carry on, and that a certain Japanese has been 'invited to be adviser of your office. When there is any question you are to consult with him to carry it into effect'.<sup>5</sup>

Two other Japanese appointees have arrived to assist in taking over but no indication as yet how new Customs House is to be staffed. Japanese Consul says present customs employees have been considering joining up but old salaries etc. will not be paid.

Lack of any apparent machinery to carry on with may delay taking over. Superintendent now informs me confidentially that during his first interview with adviser, latter said matter must proceed slowly and amicably (?) vis-à-vis membership. This may or may not be true.

Ends.

Inspector General of Customs points out (1) that this means that the new Government intend to assume full control of Manchurian Custom Houses, (2) that no mention is made of loans secured on customs, (3) that introduction of new system with Japanese assistance appears inconsistent with Japan's statement that she does not recognise the new Government.

4. I should be grateful for instructions as to attitude of His Majesty's Government. Our direct interest is, I presume, confined to the security of foreign loan service. As regards this it was stated in proclamation of March 1st that the new state will recognise and carry a proportionate share of foreign loan obligations.<sup>6</sup> It is possible that some provision that would safeguard our interests in this respect may be forthcoming. On the other hand integrity of customs has always been cardinal point of our policy and is the financial backbone of China; and we have always considered a uniform customs administration and tariff to be the basis on which foreign trade of

<sup>4</sup> Untraced in Foreign Office archives: cf., however, *L/N.O.F.*, S.S. No. 101, p. 254.

<sup>5</sup> The information in this paragraph was also transmitted in substance by Mr. Eastes in his Mukden telegram No. 3 Tour of March 9 to Sir M. Lampson at Shanghai (repetition in Peking telegram No. 158 of March 11 received in Foreign Office at 4.30 p.m. next day). This telegram added: 'On March 8th Commissioner of Customs Antung (Talbot, American) was informed verbally by Japanese Consul that customs might be taken over on March 9th and was asked what he would do if demand were received through Superintendent of Customs to hand over. Commissioner replied he would refuse.'

<sup>6</sup> Sir F. Maze had transmitted to Sir M. Lampson in a letter of March 3 the following text of a telegram which he had received from the Commissioner of Customs at Dairen and had communicated to the Chinese Minister of Finance: 'Manchu Kuo Cheng Fu Declaration dated March 1st states *inter alia* that new State will respect all existing relations with foreign countries, and will recognize and carry out proportionate loan obligations imposed by Treaty on territory of New State, except in the case of Republic of China.' Sir F. Maze commented in his letter: 'The terms concerned only represent about 50% of the Government's loan obligations and would not, of course, be acceptable. But if the *de facto* Government were willing to liquidate the Manchurian *pro rata* share of the Indemnity and Loan services (Chinese and foreign) secured on the Customs, leaving the balance, if any, for local distribution, the Government would be well advised to accept such an arrangement.'

China rests. In view of America's declarations<sup>7</sup> that she will not recognise new arrangements resulting from Japanese actions in Manchuria which prejudice American interests, I suggest that concerted representations with America are desirable in Tokyo in favour of preservation of integrity of customs.<sup>8</sup> If Japanese Government insist in disclaiming responsibility for acts of the new administration,<sup>9</sup> such representations could be justified on the lines that Japan's action in overthrowing the authority of the Central Government in Manchuria is having results prejudicial to admitted foreign interests in the customs.

5. My Italian colleague told me two days ago that he had news that the new Manchurian customs would introduce tariff lower than the Chinese existing tariff. But I have heard nothing of this from other sources.

Repeated to Peking, Mission, Tokyo; copied to Mukden, Harbin, Newchwang and Dairen.

<sup>7</sup> The U.S. declaration of January 7, 1932 (communicated to the Chinese and Japanese Governments on January 8) is printed in *F.R.U.S. Japan 1931-1941*, vol. i, p. 76 (cf. Volume IX, No. 61, note 1); for the declaration of February 23, 1932, see No. 9 above, note 11.

<sup>8</sup> Cf. *F.R.U.S. 1932*, vol. iii, pp. 562 and 577.

<sup>9</sup> A bargain by the former Emperor of China, Mr. Henry Pu Yi, with the Japanese in February 1932 is described in his memoirs (cf. No. 38, note 4), vol. i (1964), pp. 233-47.

## No. 50

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 10, 7.20 p.m.)*  
*No. 168 Tour. Telegraphic [F 2404/1/10]*

SHANGHAI, March 10, 1932<sup>1</sup>

My telegram No. 165.<sup>2</sup>

Following is text of Chinese Government's reply:

'Chinese Government, having accepted resolution of assembly of League of Nations of March 4th, is prepared to enter into negotiations with Japanese authorities in accordance with terms of said resolution, and on understanding, as stated by its chief delegate Doctor W. W. Yen, that (1) such negotiations are limited to matters pertaining only to the definite cessation of hostilities and complete withdrawal of Japanese forces and (2) no condition is to be attached to such withdrawal.

'Chinese Government has already announced through its chief delegate at Geneva its readiness to enter into negotiations for the purposes and on the understandings as above-mentioned and has presumed that Japanese authorities have been fully aware of this fact.

<sup>1</sup> The time of despatch is not recorded.

<sup>2</sup> Not printed. In this telegram of even date sent by wireless to the Foreign Office (received at 3.45 p.m.) Sir M. Lampson had reported with reference to No. 44 that the Chinese 'Vice Minister for Foreign Affairs has telegraphed Japanese formula to Nanking for instructions. I told him that when he had his reply I thought time should be ripe for a direct meeting with Japanese at which foreign representatives might be invited to be present.'

'The receipt through Sir M. Lampson at 5.30 p.m. March 9th of communication from Japanese authorities makes it clear that they are equally ready to enter into proposed negotiations. Chinese Government considers therefore way open for commencing such negotiations'.<sup>3</sup>

2. With consent of my three colleagues I am communicating a copy forthwith to Japanese Minister and enquiring whether Japanese will be prepared for a meeting on that basis with Chinese at 10 a.m. on March 11th in presence of the four foreign diplomatic representatives.

3. In case Japanese here should dispute validity of two reservations contained in Chinese statement (which . . .<sup>4</sup> Japanese Minister were made at Geneva by Doctor Yen at the time resolution of March 4th was adopted) it would be helpful—and might prove important—to know precise facts regarding them.

Repeated to Peking, Mission, Tokyo.

<sup>3</sup> This Chinese note to M. Shigemitsu is printed in *L/N.O.J.*, S.S. No. 101, p. 212.

<sup>4</sup> The text is here uncertain. A note on the filed copy reads: '? I informed.'

## No. 51

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*

*No. 22 Telegraphic [F 2405/1/10]*

GENEVA, March 10, 1932, 8.40 p.m.<sup>1</sup>

Following from Secretary of State.

Addressed to Sir M. Lampson No. 22, repeated to Foreign Office No. 126, Tokyo No. 22.

1. Elaborate procedure adopted at Geneva and reaction to intervention of Council and Assembly have produced a perplexing series of proposals to examination of which the powers specially interested in Shanghai are invited to contribute. I realise how difficult this is for the man on the spot. The complications may be disentangled as follows:

2. Assembly on March 4th, in view of statements from Japan and China that each had ordered hostilities to cease, urged opening of negotiations with the help of the four powers (a) to render definite the cessation of hostilities and (b) to regulate withdrawal of Japanese forces. Council had already on February 29th suggested possibility of a conference in which the four powers would assist (c) to bring about a final conclusion of fighting and (d) to restore peaceful conditions in Shanghai area. Object (a) is the same as object (c) but relations of (b) and object (d) are more obscure since Japan seems to want a conference about the future of Shanghai before her forces are completely withdrawn whereas China objects to Japanese forces remaining in the neighbourhood during the conference. This difference of view threatens to produce a deadlock as to final arrangements. But our first

<sup>1</sup> Time of repetition as No. 126 L.N. to the Foreign Office (received at 10 p.m. on March 10).



object must in any case be to establish a situation in which all fighting has been definitely stopped and risk of it[s] being resumed is removed. Your action in maintaining close co-operation with your American, French and Italian colleagues is warmly approved and should be pursued throughout. I am keeping corresponding contact here and see American representatives daily. We should be very greatly relieved to have definite news that an armistice has been consolidated as a result of your joint efforts.

3. In view of attitude of Chinese as reported in your telegram No. 150 to Foreign Office<sup>2</sup> and of United States government as reported in your telegram No. 49 to Geneva<sup>3</sup> it seems unlikely that China and Japan could be brought into a conference on more general question at any rate in the immediate future. No conference is possible if China is not prepared freely to enter it. British policy aims at holding the scales evenly between China and Japan and the real interests of the British community in International Settlement are best served by this course. If military stalemate which you anticipate is of long duration it is possible that we may eventually be met with a proposal from Chinese themselves designed to secure Japanese evacuation by agreeing to a general amelioration of conditions under which foreigners reside in Shanghai particularly in areas outside and adjoining International Settlement. It has been suggested here that China might even possibly ask for technical assistance from the League of Nations for this purpose but in as much as position can only be cleared up by reaching agreement and not by mere dictation it would be a very short-sighted view to imagine Chinese acquiescence can be gained by taking sides against them. No<sup>4</sup> indications of my view will enable you to deal with attitude of British members of municipality.

4. I am hoping to return to London at the end of the week and after consulting my colleagues will communicate with you further.

<sup>2</sup> No. 7.

<sup>3</sup> See No. 27, note 3.

<sup>4</sup> This word was amended on the filed copy to read 'These'.

## No. 52

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 10, 7.20 p.m.)*

*No. 170 Tour. Telegraphic [F 2394/1/10]*

*Confidential*

SHANGHAI, March 10, 1932, 11.30 p.m.

With reference to proposed round table conference I hazard the opinion, if its material to it,<sup>1</sup> that (a) China has designs to use it as means of bringing Manchuria into the orbit of the discussion with the other Powers—hence one of the reasons why Dr. Yen makes China's consent to holding the conference conditional on China's previous agreement to the agenda.

<sup>1</sup> It was suggested in the Foreign Office that this phrase should perhaps read: 'with all diffidence'.

(b) Japan wishes to use it in order to associate the other Powers (and especially ourselves) with her requirements regarding future conditions in and around Shanghai.

2. I know United States Minister takes this view.

Repeated to Peking and Mission.

### No. 53

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 11, 4 p.m.)*

*No. 171 Tour. Telegraphic: by wireless [F 2445/1/10]*

SHANGHAI, March 10, 1932

My telegram No. 168.<sup>1</sup>

Japanese Minister has replied<sup>2</sup> that as Chinese have in their formula brought forward conditions which he understands were not embodied in resolution of March 4th he regrets he cannot meet Chinese representatives unless sure as to exact meaning of their reservations. He is wiring to Geneva to enquire about the 'no condition' reservation. He also asks me to enquire of Chinese about insertion of word 'complete' before word 'withdrawal' and whether Chinese attached some particular meaning to it—seeing that the word is not in resolution. He ends by reaffirming that Japanese stand within wording of resolution—no more, no less.

I am discussing with colleagues March 11th.

Repeated to Geneva, Mission, and Tokyo.

<sup>1</sup> No. 50.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 563.

### No. 54

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 11, 9.30 p.m.)*

*No. 173 Tour. Telegraphic: by wireless [F 2454/65/10]*

SHANGHAI, March 10, 1932

My telegram No. 166.<sup>1</sup>

On March 9th I told Mayor of Shanghai of agitation, which was growing very strong among British community, that present opportunity should not be missed to adjust various matters such as outside roads, etc. which had caused so much friction of recent years.

I did not disguise from him that I was the particular object of attack as not standing up sufficiently for British interests. I put it to him that it would be the path of wisdom if we could get together somehow and see how far these matters (or some at least of them) could be settled by friendly discussion out of court. He said he quite agreed and expressed readiness to pursue matters further. Later in the day I informed Vice Minister for Foreign Affairs of above and asked for his support for idea of trying to remedy matters

<sup>1</sup> No. 48.

by way of [? in] formal conversations. He seemed favourably disposed to the idea. This may lead nowhere and previous attempts in the past have failed; but when I have the written views of joint committee for which I asked them March 9th we may later be able to feel out the ground a little more. I remain as convinced as ever that nothing is likely to be obtained by dictation—unless we are prepared to ignore Chinese dissent; and that the sound line both intrinsically and from the point of view of ultimate future of the Settlement is settlement by willing agreement on the part of the Chinese.

Repeated to Peking, Mission.

**No. 55**

*Letter from Sir J. Pratt<sup>1</sup> (Geneva) to Mr. Orde*

[F 2543/1/10]

GENEVA, March 10, 1932

My dear Orde,

I enclose for your information a copy of a memorandum and telegram<sup>2</sup> which I submitted to the Secretary of State this morning. The memorandum met with his general approval, but he has redrafted the telegram<sup>3</sup>—partly because my draft involved a decision on the general question of our future China policy which he probably prefers not to take without prior reference to the Cabinet—and partly because of the somewhat violent contrast between the last paragraph and the preceding portion of my draft. This contrast is of course due to the very embarrassing dilemma that, on the one hand we want to secure a cessation of hostilities and promote peace in Shanghai, and on the other hand we do not want even to appear to benefit by the violent measures taken by the Japanese. At present I do not see any real way out of this dilemma, but we shall have to face it some time or other.

The Secretary of State's draft telegram embodies all that I expected he could embody from my telegram at the present stage and is designed to give Sir Miles Lampson sufficient guidance as to his attitude, both towards the British community in Shanghai (see Sir Miles Lampson's telegram No. 153 to Foreign Office)<sup>4</sup> and towards the question of the proposed conference, if it is ever held (see last paragraph of Sir Miles Lampson's telegram No. 142 to Foreign Office).<sup>5</sup> If the Secretary of State's draft is despatched in time I will add a postscript giving you the number of the telegram, but you will doubtless be able to identify it without this.

The Assembly are nearing the end of the first stage of their labours. A declaration and resolution have been drafted and it is hoped that sufficient progress will have been made to enable these to be put before the meeting of

<sup>1</sup> Sir John Pratt of the China Consular Service was attached to the Far Eastern Department of the Foreign Office, and was at that time serving on the United Kingdom delegation to the League of Nations. His letter was filed in the Foreign Office on March 15.

<sup>2</sup> The memorandum is printed as enclosure 1 below; the draft telegram is not printed.

<sup>3</sup> For the final wording of this telegram see No. 51.

<sup>4</sup> No. 20.

<sup>5</sup> Volume IX, No. 648.

the full Assembly to-morrow afternoon (Thursday [? Friday])<sup>6</sup> and passed. There is of course many a slip 'twixt cup and lip, and the Japanese may still prolong the proceedings into next week by taking exception to certain portions of the resolution; but assuming that there is no slip, the Secretary of State intends to leave Geneva on Friday night, spend Saturday in Paris seeing Tardieu<sup>7</sup> and attending Briand's funeral, and then proceeding to London. My own movements are still a little uncertain. My own wish is to return with the Secretary of State, not stopping off in Paris, however, but proceeding straight to London, for I feel that when the Secretary of State returns the centre of gravity will be in London. I foresee that the Secretary of State will wish to submit the whole question of our China policy to the Cabinet for a decision, and I should like to be back in the Department at such a critical moment rendering what assistance I can. I believe, however, that Cadogan feels that I ought to stop on after the Secretary of State has left. The matter has not been fully discussed, but I will try and let you know as soon as a decision is reached.

We have had a very hectic time over China this time, but I think that on the whole a successful one. We have succeeded in avoiding all the snags which it was at one time feared that we might strike, and indeed I think that the discussions in the Assembly have been productive of good and not harm.

Since writing the above I discovered that there was no bag from here on Thursday and I have therefore kept this letter open till Friday. We have just returned from the final meeting of the Assembly, when our resolution, as you will have learned from our telegram<sup>8</sup> which would reach you on Saturday morning, was passed unanimously thus bringing our labours to a happy conclusion. There is nothing further for me to do here and I am therefore leaving tonight and will drop this letter at the Foreign Office for you on Saturday afternoon on my way.

I enclose two French copies of the text of the resolution<sup>9</sup> as finally passed at the public meeting of the Assembly.

Yours sincerely,  
J. T. PRATT

ENCLOSURE I IN No. 55

*Memorandum by Sir J. Pratt on British Policy and the proposed  
Shanghai Conference*

GENEVA, March 10, 1932

I

At an early stage of the Shanghai dispute it was evident that after the Chinese army had been driven back Japan would endeavour to legalise the

<sup>6</sup> i.e. Friday, March 11.

<sup>7</sup> See Volume III, No. 236, for Sir J. Simon's record of his interview on March 12 with M. Tardieu, President of the French Council of Ministers and Minister for Foreign Affairs.

<sup>8</sup> No. 67.

<sup>9</sup> Not here printed: for proceedings of this meeting on March 11 see *L/N.O.J.*, S.S. No. 101, pp. 87-9.

new situation that would thus be created by means of a Conference, in which it was essential—if her object was to be attained—that the other Powers principally interested in Shanghai should participate. On the 26th February last the Japanese Government appeared to have come to the conclusion that the fighting would soon be over and that accordingly the time for a Conference was about to arrive. On that day Mr. Matsudaira handed to the Secretary of State a document<sup>10</sup> embodying the instructions which he had just received from his Government (it subsequently transpired that a similar document was handed to each of the other Powers represented on the Council). This document proposed a round table Conference at Shanghai after the retirement of the 19th Army. On the following day, February 27th, Mr. Matsudaira called again and intimated that the Japanese Government might waive the prior condition as to retirement of the 19th Army. He was pressed to obtain the confirmation of his Government of this waiver and promised to do so. This confirmation has never been obtained but in view of the fact that peace feelers were being received about this time from the Chinese side the suggestion for a Conference at Shanghai was vigorously followed up and was formally put forward by the President of the Council at the Council meeting on February 29th. It was put forward on the assumption that hostilities would, in fact, be brought to an end and it was couched in the following terms:—

- (1) A Conference to be immediately set up in Shanghai composed of representatives of the Governments of China and Japan together with representatives of the other Powers above referred to for the purpose of bringing about a final conclusion of fighting and the restoration of peaceful conditions in the Shanghai area.
- (2) The Conference would be undertaken on the basis (a) that Japan has no political or territorial designs and no intention of establishing a Japanese settlement in Shanghai or of otherwise advancing the exclusive interests of the Japanese, and (b) that China enters the Conference on the basis that the safety and integrity of the International and French Settlements must be preserved under arrangements which will secure these areas and their residents from danger.
- (3) The meeting of this Conference is of course subject to the making of local arrangements for a cessation of hostilities. The Council trusts that this will very speedily be brought about. It is proposed that the military, naval and civilian authorities of the other principal Powers represented in Shanghai will render all possible assistance in consolidating the arrangements.
- (4) To this proposal, which is aimed at the immediate re-establishment of peace in the Shanghai area, without prejudice to or qualification of any position previously taken up by the League of Nations or any Power in relation to Sino/Japanese affairs, the President desires, in the name of himself and of his colleagues, to invite the adherence and co-

<sup>10</sup> See Volume IX, No. 603, note 2.

operation both of China and Japan and of the other Powers referred to, whose local position enables them to make a special contribution to the common purpose of stopping armed conflict and restoring peace.

Fighting however did not come to an end but was resumed on a greater scale than before until by March 3rd the Chinese had been definitely driven back. At 2 p.m. on that day the Japanese gave the order to cease fire and since then in spite of contradictory reports there seems to have been nothing more serious than sporadic skirmishing.

Simultaneously with the action taken at Geneva a meeting took place on February 28th on board the British flagship at Shanghai between Chinese and Japanese representatives. The Commander-in-Chief reported that the principle of mutual and simultaneous evacuation was agreed to and that the Japanese were to withdraw to the Settlement and to the Hongkew Salient. It soon appeared, however, that this report was too optimistic and that, in fact, no real agreement had been reached. On the next day, February 29th the Commander-in-Chief received in writing from the Chinese representatives the Chinese Peace Terms. These consisted of five points as follows:—

- (1) Mutual and simultaneous evacuation.
- (2) No question of permanent dismantling of Woosung Forts.
- (3) Joint Commission with neutral observers to supervise evacuation.
- (4) Evacuated area to be policed by Chinese.
- (5) Chinese to withdraw to Chenju and the Japanese to the Settlement and extra-Settlement roads. Chinese troops then to withdraw to Nanziang.

The Commander-in-Chief was informed on March 2nd that the Chinese terms did not correspond with the Japanese understanding of what had been agreed to on board H.M.S. *Kent* and that the views of the Japanese Government appeared to differ completely from those of the Chinese. On March 3rd [2nd] the Japanese Minister handed to Sir M. Lampson the Japanese reply to the Chinese five Points, from which it appeared that the Japanese envisaged first a Chinese withdrawal, then a truce, thirdly a Conference and finally, a Japanese withdrawal after the restoration of normal conditions. According to this document the 'basic conditions for the immediate cessation of hostilities' were as follows:—

- (1) Upon the withdrawal of the Chinese troops to a certain distance from Shanghai a truce for an agreed period to be arranged by the Japanese and Chinese military authorities should come into operation and pending subsequent arrangements both sides should hold their respective positions.
- (2) During the truce a round table Conference should be held at Shanghai, including representatives of the principal Powers interested, to arrange for the withdrawal of both Chinese and Japanese forces and to arrange measures for restoration and maintenance of peace and order in and around Shanghai and for safeguarding the foreign settlements and foreign lives, property and interests therein.

- (3) After ascertaining that the Chinese troops (including plain clothes gunmen) have actually withdrawn to a specified distance the Japanese troops will withdraw to the Shanghai and Woosung areas. As soon as normal conditions have been restored, Japanese army will withdraw from those areas.
- (4) If the truce is infringed the other party shall resume liberty of action.

In discussing these terms with the Japanese Minister Sir M. Lampson elicited from him that what Japan would require at the proposed Conference was satisfactory arrangements regarding policing, municipal facilities and the owning of land outside the Settlement in the areas inhabited by foreign residents. 'Foreigners were to be treated not less favourably than the Chinese in those areas' and some provision regarding demilitarisation appeared to be contemplated.

The Chinese Vice-Minister for Foreign Affairs referred these terms to Nanking. In the course of an informal discussion between him and the Japanese arranged by Sir M. Lampson on March 3rd (after the retirement of the Chinese troops), suggestions were made that the Japanese might withdraw their forces as a conciliatory gesture. The Japanese Minister, however, indicated that the Japanese troops would only withdraw upon the terms stated above. This appears to indicate that it is the intention of the Japanese Government to maintain their troops in occupation until the proposed conference has yielded the desired political results. This is, indeed, expressly confirmed by Sir F. Lindley who reported that the Japanese Minister for Foreign Affairs had stated to him that his Government considered it necessary for the Japanese troops to remain in their positions until the Conference had met and made some progress. In Sir F. Lindley's view the Japanese Government are evidently determined not to withdraw their troops until the Conference has practically concluded its work and provided for the demilitarisation scheme.

On the following morning (March 4th), the Chinese Vice-Minister for Foreign Affairs called on Sir M. Lampson again and explained that the Chinese Government could not accept the Japanese terms because they amounted to dictation. China had accepted M. Paul Boncour's proposal for a conference on the basis of mutual and simultaneous withdrawal and not on the basis that the Chinese Army only was to withdraw. The Chinese Army having now been driven back the whole basis had been destroyed. China was ready for a Conference for the strictly limited purpose of arranging a Japanese withdrawal, thus restoring the idea of mutual withdrawal, but they would not negotiate on any other question while the Japanese remained in occupation.

Sir F. Lindley and Sir M. Lampson were asked for their observations on the suggestion made by Mr. Matsudaira [*sic*] on February 26th for a conference to be held at Shanghai after the Chinese Army had retired. Sir M. Lampson replied on the 1st of March strongly deprecating the idea of holding any such conference. He suspected, and his United States colleague was

convinced, that what the Japanese were really after was to secure foreign support in their design of seeking extension of foreign control and privileges at Shanghai and an enlarged area where they could shelter from boycotts and Chinese taxation. They were probably also after a larger share in municipal government of the present International Settlement. This was a very inopportune moment for seeking a solution by agreement of the future of Shanghai. Feelings had been worked up to fever pitch and it was the worst possible moment to discuss the affairs of the International Settlement with Japan. Sir M. Lampson sincerely hoped that His Majesty's Government would not back any such schemes as Japan appeared to entertain. To do so would be to run counter to the considered policy of His Majesty's Government and bring to nought the work of the last few years. He conceived that, if a conference were held, the policy of His Majesty's Government would be one for discussion and not for dictation, but he was apprehensive that we might be manoeuvred into backing Japanese policy which was totally different to ours. The United States Minister entirely agrees with Sir M. Lampson's views. At a meeting on March 3rd with Sir M. Lampson, which was attended also by the French and United States Ministers,<sup>11</sup> he definitely stated that the United States would decline to discuss such matters as the new arrangements to be made in the areas adjoining the Foreign Settlements so long as the Japanese were in military occupation of these areas. Sir R. Vansittart concurs in Sir M. Lampson's views, but considers that it might be possible to avoid dangerous ground by a strictly limited agenda. While the Chinese, however, are endeavouring to restrict the agenda to the question of evacuation pure and simple, the Japanese are endeavouring to widen the scope of the conference to the greatest possible extent. On March 4th the Japanese delegate to the Assembly accepted a resolution recommending that negotiations be entered into for the conclusion of arrangements which shall render definite the cessation of hostilities and regulate the withdrawal of the Japanese Forces. The attitude adopted by the Japanese at Geneva, however, is unlikely to have any influence upon the attitude adopted by their military and other authorities at Shanghai. Sir M. Lampson's anticipation of an armed stalemate is likely therefore to be realised and in that case there will be no conference at Shanghai, at any rate, in the immediate future.

## II

Though the question of participating in a Conference at Shanghai may not immediately arise, it is nevertheless necessary that His Majesty's Government should decide without delay what, in broad general outline, shall be their future policy as between China and Japan. This, as is indicated in Sir M. Lampson's telegrams, involves the whole question of our China policy and the extent to which that policy should now be modified.

The policy of successive British Governments in recent years towards

<sup>11</sup> This should presumably have read: 'the French Minister and the Italian Chargé d'Affaires'; see Volume IX, No. 662.



China has been founded on the Memorandum of December 1926. This Memorandum—commonly known as the December Memorandum<sup>12</sup>—in effect marked the formal abandonment of the Gunboat Policy in China, namely, the policy whereby His Majesty's Government decided unilaterally what it was right and proper that China should do and then insisted (not necessarily in each case by the show or threat of force—but with force looming in the background) that China should act accordingly.

With the growth of the nationalist spirit in China and the parallel growth in Europe of a new order of moral ideas governing international relations, the Gunboat Policy gradually became not only ineffective, but dangerous. Whereas formerly the Gunboat Policy meant literally nothing more formidable than a gunboat, it might now involve the use of force on the scale employed by Japan in Manchuria and Shanghai. For Great Britain this is manifestly impossible. But, as Sir M. Lampson has pointed out, the alternative to dictation is discussion. In the case of China, discussion means the readjustment of relations on a basis of equality and reciprocity, the negotiation of new treaties freely accepted on both sides in place of the unequal treaties imposed on China after her defeat in the wars of 1842 and 1858.

The new policy initiated by the December Memorandum has been followed with considerable success. We have gained the goodwill of the Chinese and have improved our position enormously in China by giving with a good grace what it was impossible any longer with safety or advantage to withhold. The new policy has, however, also involved negotiations concerning such matters as extra-territoriality and the International Settlement at Shanghai. Here we have been faced with the anxious task of holding the balance even between the excessive fears of the local British communities and the no less excessive aspirations of the Chinese. To stand pat at the point demanded by the former would be as dangerous as to yield as much as is demanded by the latter. The exact point up to which we should yield and then stand firm has to be determined by reference to the degree of political stability attained by the Chinese Government and this is a most elusive and variable factor.

The Japanese aggression at Shanghai has created an entirely new set of conditions in which British policy has to operate. Whether it has united the Chinese, or whether it has destroyed all central authority, whether it has made the Chinese more or less intransigent in their demands for the curtailment of foreign privilege is still uncertain. Nevertheless, His Majesty's Government must decide whether their future policy towards China is to be a policy of discussion or a policy of dictation. Sir M. Lampson has urgently asked for a decision on this point<sup>13</sup> and in view of the extreme difficulty of his position it is only fair that he should receive an immediate answer.

The British community at Shanghai desire to take advantage of Japan's

<sup>12</sup> This Memorandum, communicated on December 18, 1926, by H.M. Chargé d'Affaires at Peking to representatives of all the Washington Treaty powers, is printed in *Survey of International Affairs, 1926*, pp. 488–92; cf. Volume VIII, No. 1.

<sup>13</sup> See Volume IX, No. 643.

use of force in order to obtain certain political benefits for the International Settlement and Sir M. Lampson is exposed to obloquy because he declines to support their suggestions.

In view of the whole trend of the discussions at Geneva and the strong lead given by the Secretary of State in these discussions—in view also of the attitude taken up by the United States—it seems quite impossible that His Majesty's Government should reverse the policy of successive British Governments in recent years and revert to the use of force in their relations with China. It is still more unthinkable that they should seek to take advantage of Japan's use of force in order to obtain political benefits, either for the International Settlement or for Great Britain. Our policy towards China must continue to be based on the principles of the Covenant of the League of Nations, the Pact of Paris and the Nine-Power Treaty.

On the other hand, China may seek to gain the support of other powers against Japan. It is possible that, in order to secure Japanese evacuation she may be willing to agree to a general amelioration of the conditions under which foreigners reside in Shanghai, particularly in the areas outside but adjoining the International Settlement. It may be of interest to note in this connection that M. Avenol, Deputy Secretary-General of the League of Nations anticipates some such development, and believes that China may ask for practical assistance from the League of Nations for this purpose. Provided always that we bear in mind, and strictly adhere to, the principles upon which our policy is based, there would appear to be no reason why obstacles should be placed in the way of such a development.

A draft telegram to Sir M. Lampson<sup>14</sup> embodying the above views is attached hereto.

J. T. PRATT

<sup>14</sup> Cf. note 2 above.

## No. 56

*Mr. Eastes (Mukden) to Sir M. Lampson (Peking)*

*No. 30 [F 2882/1/10]<sup>1</sup>*

MUKDEN, March 10, 1932

Sir,

In continuation of my despatch No. 28<sup>2</sup> of March 8th, 1932, I have the honour to report that the special train conveying the ex-Emperor Hsüan T'ung from T'ang-Kang-Tzu to Changchun on March 8th, halted at Mukden on the way through. His ex-Majesty came out on to the rear platform of his special car at the end of the train and received a mixed Sino-Japanese delegation including Generals Chang Ching-hui and Tsang Shih-i, Lieutenant-General Honjo, my Japanese Colleague and many others.

<sup>1</sup> The filed copy of this despatch was sent under Mukden formal covering despatch No. 30 of even date to the Foreign Office (received on March 29).

<sup>2</sup> No. 38.

Generals Chang and Tsang joined the special train at Mukden, and travelled in it to Changchun.

2. 'The Manchuria Daily News' issued at Dairen on the evening of March 9th publishes a full account of the arrival of the ex-Emperor at 3 p.m. on March 8th at Changchun, where he was greeted by General Ma Chan-shan, the Governor of Hei-Lung-Chiang, one of the Mongol Princes forming the Administrative Council, Lieutenant-General Mori, Commanding the Japanese Railway Guard, the local Japanese Consul and others. A State procession of over 50 motor-cars conveyed the ex-Emperor and his suite to the Senate-House, through lines of 'Japanese and Manchus. About 150 old Manchu banner-men from Kirin. . . .<sup>3</sup> all squatting humbly by the roadside and kowtowing as the procession sped past made a touching spectacle. . . .<sup>3</sup> They cheered at the top of their voices. . . .<sup>3</sup> There were also crowds of "White" Russians who almost danced with joy'.

3. Proceedings at the formal inauguration ceremony at 3 p.m. on March 9th appear to have gone off without a hitch. Amongst the prominent Japanese attending the function were General Honjo, Mr. Yamaoka, the Governor of the Kuantung Leased Territory, and Count Uchida, President of the South Manchuria Railway Company.

4. Other articles in the same paper announce that in commemoration of the foundation of the new State two million new silver dollars are shortly to be minted; that the Cabinet, Councils and Ministries of the new State are to be formally appointed on March 10th; and that construction work on the Government Buildings, estimated to cost \$10,000,000, is to be started at an early date.

5. My French Colleague claims to have obtained information that on or about March 6th the Japanese Headquarters here received telegraphic instructions from Tokyo that the date for the formal inauguration of the new State was to be postponed, but that General Honjo replied that these instructions had reached him too late to admit of fulfilment. It occurs to me as not impossible that the instructions to General Honjo may, in fact, have referred to the shifting to Changchun of the Headquarters of the Kuantung Army, for the press reports to that effect alluded to by Mr. Denning in his despatch to His Majesty's Ambassador at Tokyo No. 28<sup>4</sup> of March 8th, are now denied in 'The Manchuria Daily News'. That there are still tasks awaiting the Japanese military in the immediate neighbourhood of Mukden is proved by the fact that on the nights of March 7th and 8th Japanese troops and gendarmerie have been in action with machine rifles and trench mortars against bands of insurgents operating on the South, South-East and North of the city.

6. Conspicuous on the front page of 'The Manchuria Daily News' of March 9th is a lengthy article in unwontedly good English, apparently the first of a series, entitled 'Facing Facts in Manchuria'. The purport of the

<sup>3</sup> Punctuation as in original quotation.

<sup>4</sup> A copy of this despatch, not printed, was received in the Foreign Office on April 22 under Tokyo formal covering despatch No. 150 of March 18.

article is to offer counsel to Lord Lytton and his Colleagues of the League of Nations Commission to demonstrate their statesmanship by recognising the *fait accompli* in Manchuria, and realising that 'without Japanese troops on the railway arteries there would arise a condition of chaos only comparable to the ruin in certain parts of China Proper. The world can bank upon it that Japan has no intention of surrendering her control over Manchuria'.

7. Today, March 10th, is being given over to formal celebrations throughout Manchuria in honour of the new State. My Colleagues and I have received invitations, in scarlet and gold, to attend a lengthy function, starting at midday and terminating in a banquet, to be held in the Provincial Government building. Whether our Soviet Colleague is attending, I have not ascertained. Otherwise, the only Consular Officials present will be those of Japan.

8. I am forwarding copies of this despatch to the Foreign Office, to His Majesty's Ambassador at Tokyo, to the Diplomatic Mission at Nanking, and to His Majesty's Consular Officers at Harbin, Newchwang and Dairen.

I have, &c.,  
A. E. EASTES

#### No. 57

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 12)*

*No. 132 [F 3370/1/10]*

TOKYO, March 10, 1932

Sir,

With reference to my despatch No. 104<sup>1</sup> February 24th I have the honour to transmit herewith some short excerpts<sup>2</sup> from translations of leading

<sup>1</sup> Volume IX, No. 563.

<sup>2</sup> Only Confidential Print copies are preserved in Foreign Office archives: the first two extracts read as follows (punctuation as in filed copy):

“*Tokyo Asahi*,” March 2.

‘We heartily congratulate the 30 million people of Manchuria, and earnestly hope for the healthy development of the new State. China and the Powers may not recognise it . . . but it is necessary to consider what has brought it into existence and what attitude Japan ought to adopt towards it. If anyone thinks that the new State has been artificially set up by Japanese military force he is vastly mistaken. The action taken by Japan in defence of her interests in Manchuria has incidentally afforded the long-oppressed inhabitants an opportunity for realising their cherished desire.’

“*Tokyo Nichi Nichi*,” March 2.

‘It goes without saying that the creation of the new State was made possible by the action of Japan in Manchuria. It is impossible to forecast the future of the new régime, but it is certain that peace and order in Manchuria and Mongolia will result. . . . The foreign policy of the new Government will be approved by all Powers interested in Manchuria, since respect is to be shown for all existing treaties and agreements, and for the principles of the open door and equality of opportunity. . . . Thus we are going to have in this corner of the world a Government which upholds international justice and co-operation, and which aspires to develop into a democracy comparable with any in the West.’

The remaining two extracts, from *Osaka Asahi* and *Yomiuri* of March 2, are not here printed.

articles appearing in the Japanese newspapers on the subject of the new Manchurian state.

2. I think that these extracts will suffice to illustrate the general trend of opinion in this country with regard to the establishment of an independent Government in Manchuria. In admitting that the creation of the new state was made possible by the action of Japan, the 'Nichi Nichi' goes further than the press on the whole has gone; but whatever difference of opinion there may be with regard to the responsibility for the independence movement, there is none concerning the unique opportunities which it will afford Japanese business men for exploitation of the natural resources of Manchuria and Mongolia.

3. General Araki, the Minister for War, is reported to have stated in an interview with representatives of the press that, since the new régime has been established in accordance with the will of the people of Manchuria and Mongolia, it is only a matter of time before Japan will have to recognise the new state when it becomes strong and able to function fully as a government. In the meantime, he said, it cannot be recognised as a new nation as it has only just been created and has hardly begun to operate as a true government as yet. Japan must watch developments in Manchuria very closely in order to see how the new Government is able to handle the affairs of the country. General Araki added that Prince Saionji,<sup>3</sup> on whom he had been calling, did not say anything concerning the new régime in Manchuria, but he believed that the Genro shared his views on the subject. He had not heard anything to show that opinion among officials of the Government was divided on the question of the recognition of the new state.

4. A copy of this despatch and its enclosure has been sent to Peking.

I have, &c.,

F. O. LINDLEY

<sup>3</sup> Prince Saionji was the last surviving member of the body of Japanese elder statesmen known as the Genro.

## No. 58

*Mr. Brenan (Shanghai) to Sir M. Lampson (Peking)*<sup>1</sup>

No. 123 [F 3131/1/10]

SHANGHAI, March 10, 1932

Sir,

I have the honour to enclose herewith a copy of a letter dated March 7th addressed by the Japanese Consul-General to the Senior Consul in reply to the latter's representations regarding the landing of Japanese reinforcements in the Settlement and the presence of the Japanese flagship alongside the Consulate.

<sup>1</sup> A copy of this despatch, addressed to H.M. Legation at Peking during Sir M. Lampson's absence at Shanghai, was received in the Foreign Office on April 5, under cover of Shanghai formal despatch No. 86 of March 10.

2. The Senior Consul's letter to which this is a reply formed Enclosure 4 in my despatch Number 95<sup>2</sup> of March 1st, 1932.

I have, &c.,  
J. F. BRENNAN

ENCLOSURE IN No. 58

*Letter from the Japanese Consul-General to the Senior Consul (Shanghai)*

SHANGHAI, March 7, 1932

Sir and dear Colleague,

With reference to your Circular No. 96A-M-XIII on the subject of the 'Use of International Settlement as Base for Military Operations by the Japanese', I have the honour to state that Japan, like other interested Powers concerned, is entitled to the right of disembarking her troops in the Settlement particularly in the quarter assigned to her defence section and of keeping her warships, as they now are, in this port but that since, apart from legal standpoint, she is desirous of causing as little trouble as possible to foreign interests, the Japanese Military and Naval Authorities here have so far taken every possible measure to that end.

As an instance of this solicitude, it may be mentioned that the recent reinforcements of the Japanese troops, with the exception of a small portion thereof, were landed outside the Settlement.

As to the presence of the Japanese warship, 'Idzumo', alongside the Japanese Consulate-General, in view of the fact that the state of affairs has undergone a change for the better, I believe that my honourable Colleagues would no longer insist upon their request to have the Japanese warship 'Idzumo' berthed elsewhere.

I have, &c.,  
K. MURAI  
Consul-General

<sup>2</sup> See Volume IX, No. 639, enclosure.

No. 59

*Sir M. Lampson (Shanghai) to Mr. Eastes (Mukden)*  
(Received March 11, 3 p.m.)

*No. 2 Telegraphic [F 2446/451/10]*

SHANGHAI, March 11, 1932, 11.35 a.m.<sup>1</sup>

Your telegram No. 3.<sup>2</sup>

I have referred to His Majesty's Government as to attitude to be adopted in view of recognised British interests in the integrity etc. of the customs.

<sup>1</sup> Time of repetition as No. 172 Tour to the Foreign Office (received at 3 p.m. on March 11).

<sup>2</sup> Not printed. See No. 49, note 5.

2. In the meantime you should . . .<sup>3</sup> administration direct . . .<sup>4</sup> prejudicial to British interests or in the event of forcible interference with British members of customs staff and keep me promptly informed of all developments.

Repeated to Foreign Office, Peking, Mission, Harbin, Newchwang and Dairen.

<sup>3</sup> The text is here uncertain. A note on the filed copy suggests: '? approach'.

<sup>4</sup> The text is here uncertain. A note on the filed copy suggests: '? in the event of measures'.

## No. 60

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 11, 12.5 p.m.)*

*No. 162 Telegraphic [F 2443/451/10]*

TOKYO, March 11, 1932, 5.21 p.m.

Sir Miles Lampson's telegram No. 167.<sup>1</sup>

I should like time to consider this question and try to sound Japanese authorities before making any official representations. In any case Anglo-American representations would raise more ill-feeling here than representations from all interested Powers.

Repeated to Shanghai. Foreign Office please repeat to Geneva if necessary.

<sup>1</sup> No. 49.

## No. 61

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 11, 9.30 p.m.)*

*No. 174 Tour. Telegraphic: by wireless [F 2447/1/10]*

SHANGHAI, March 11, 1932

My telegram 171.<sup>1</sup>

In the presence of my (? United States) colleague I this morning, March 11th, handed to Kuo Tai-chi copy of Japanese Minister's reply.

2. He has undertaken to let me have a reply by this evening.

3. Discussion recalled the fact that by 'complete withdrawal' Chinese have in mind withdrawal to geographical area as before the incident. Kuo Tai-chi also stated, at least during the process of withdrawal of Japanese troops, Chinese Government might be prepared to give the Powers a guarantee that Chinese troops would remain in their present positions.<sup>2</sup>

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> No. 53.

<sup>2</sup> Sir M. Lampson further reported in his Shanghai telegram No. 177 Tour of even date (received in Foreign Office at 9.15 p.m. that day): 'Kuo Tai-chi has now written saying that expression "complete withdrawal" implies "withdrawal of Japanese forces and reversion to position prior to their advance on night of January 28th". 2. I have communicated a copy of Kuo Tai-chi's letter to Japanese Minister and asked him to let me know when he is prepared to meet Chinese side.'

**No. 62**

*Letter from Mr. Matsudaira to Sir J. Simon (Geneva)*<sup>1</sup>

[F 2799/1/10]

GENEVA, March 11, 1932

My dear Secretary of State,

Let me thank you most sincerely once again for your kind endeavours in connection with the proposed resolution of the Assembly. Through your tactful handling of the matter, the points most calculated to cause objections on the part of my Government have been amended this morning, which will surely be highly appreciated in Tokio. As to your suggestion for us to pronounce a positive agreement to the Draft, I have immediately transmitted it to my Government. I am wondering whether we should be able to receive a response in time for the meeting this afternoon. Moreover, I am afraid that my Government will maintain their opinion that Japan being represented under reservation at the present Assembly which has been convened by virtue of Article 15 of the Covenant, they would not be able to go any further than abstaining from voting. We will, however, keep in mind your kind suggestion and, while abstaining, will make a statement carefully drafted so as not to bring about any difficulties.

Hoping you will understand our position and reiterating my thanks for your considerate and successful efforts,

I remain, believe me,  
Yours very sincerely,  
T. MATSUDAIRA

<sup>1</sup> This letter was filed in the Foreign Office on March 23.

**No. 63**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 14)*

No. 139 [F 3423/40/23]

TOKYO, March 11, 1932

Sir,

With reference to my telegram No. 158<sup>1</sup> of March 5th, I have the honour to report that Baron Takuma Dan, the senior managing director of the Mitsui group of companies and one of the most prominent figures in the Japanese financial and industrial world, was shot and killed by a youthful assassin in broad daylight on the 5th instant when he was about to enter the offices of the Mitsui Company which are situated in the business centre of the capital. Baron Dan was well known in England in both official and commercial circles, because, apart from the esteem which his eminence had

<sup>1</sup> Not printed.



gained for him all over the world, he headed the Japanese Economic Mission to England in 1921 and was largely responsible for the arrangements made in this country in connexion with the visit last year of the British Economic Mission to the Far East.

2. The assassin was a youth of 21 named Goro Hishinuma, who is another of the misguided 'super-patriot' type which continues to give concern to the authorities. In commenting on the murder of Baron Dan, the Premier is reported to have said that the extreme right might be just as great a danger as the extreme left, which is a decided understatement of the facts in this country, where the many assassinations during the past half-century have been the work of fanatics imbued with false ideas of patriotism. The hands of the socialists and communists, who are the object of so much attention from the police, are clean in comparison with those of the reactionaries; but there are, in the efforts of the police to round up desperadoes in the capital, some indications of a growing conviction in the minds of the authorities that society needs to be protected against other people than the socialists. If they did not realise it before, they have learned it from the interesting facts which have come to light in the course of their examination of Baron Dan's assassin who, in spite of his obstinacy, has revealed sufficient to cause the police great alarm.

3. Hishinuma is stated to be a distant relative of and to come from the same district in Ibaragi Prefecture as Konuma, the assassin of Mr. Junnosuke Inouye,<sup>2</sup> but a closer tie between the two youths is that both belonged to a so-called Blood Brotherhood of five, all of whom had taken a solemn pledge to lay down his life for his country. The investigations of the police have been greatly facilitated by the confession of another member of the gang, one Taiji Kurosawa, who had been persuaded by an uncle to give himself up, and whose statements have led to the arrest and examination of a number of people, including ten members of a 'certain' reactionary society. With the gradually accumulating evidence at their disposal the police are said to believe that the entire plot will be cleared up in the near future, but it is more likely that they will receive orders from above to suspend their investigations when the revelations become embarrassing. The pistol with which the murder of Baron Dan was committed has proved to be a valuable piece of material evidence, for it is stated to be of identical pattern with that used by the slayer of Inouye. It is reported to be fairly well established that both weapons belonged to a group of eight small Browning automatics which are alleged to have been procured from a Dairen dealer in firearms by a Lieutenant-Commander Fujii, who was one of the first Japanese officers to be killed in action at Shanghai. The press reports state, further, that Fujii was known to be indignant because of what he considered to be the weak-kneed policy of the Government, especially in regard to foreign affairs and at the time of the Washington and London Naval Conferences. The police have apparently abandoned their previous theory that Inouye's assassin had

<sup>2</sup> For the assassination of the former Japanese Minister of Finance on February 9, 1932, see Volume IX, No. 403.

stolen the pistol from a naval sub-lieutenant, and are now disposed to believe that both Konuma and Hishinuma were given their weapons by Fujii.

4. It was at first believed that the motive underlying the murder of Baron Dan was to be explained as the expression of a fanatic's disapproval of the opposition which the financial magnates of this country, of whom Dan was one, were alleged to be voicing against the military policy of the Government towards China; or else it was a fanatic's revenge against the house of Mitsui and other interests for their alleged speculation in dollars for their own profit and to the detriment of the nation. Whether the real explanation lies in either of these directions it is not possible to say until more information is available as to the identity of the people who incited these men to commit such appalling crimes, but press opinion now inclines to the belief that both assassins acted in obedience to an order from some misguided source to get rid of certain prominent personages. The fact that Inouye belonged to the Minseito, while Dan belonged to Mitsui's and therefore indirectly to the Seiyukai,<sup>3</sup> while both represented capitalism in different aspects, would appear to indicate that the two crimes were not actuated by motives of party politics, but rather by the misguided anti-capitalist ideas which are prevalent amongst the younger militarists.

5. This further assassination has prompted the press as a whole to expressions of more wholehearted disgust than those used at the time of Mr. Inouye's death, and indeed the language used by the 'Hochi' is surprising in this country, however commonplace it appears to the Western mind: 'Assassination is not a crime which is confined to Japan. What we wish to point out is that there is more assassination in Japan than in any other advanced country. The best index to the civilisation of a country is its list of murdered public men. Japan has much leeway to make up before she can claim to be a civilised nation.'

6. One salutary effect of these unfortunate incidents has been the renewed activity on the part of the police in affording protection to public men. Dr. Nitobe, who up to a few years ago was Under-Secretary-General of the League of Nations Secretariat at Geneva, and who has recently been active in the work of the League, not long ago retired, on the advice of the police, to the American managed St. Luke's Hospital in Tokyo. The reason for this enforced retirement was that he was being persecuted by the ex-soldiers' societies of this country for having stated, in a speech made during a lecture tour connected with his League of Nations work, that 'What is detrimental to this country are the communist and military cliques.' On the 3rd instant Dr. Nitobe received a visit at the hospital from four members of the ex-soldiers' societies, headed by a Colonel on the retired list, and was invited to appear next day at the headquarters of the Societies in order to explain his reference to military cliques. He accepted the invitation and explained that he had implied that the Japanese military clique would prove detrimental

<sup>3</sup> The Japanese Government of M. Inukai was based upon the Seiyukai party, which had defeated the Minseito party in the elections of February 20 for the Japanese House of Representatives.

to the state if it became like the military clique of China, and not that the military clique was as injurious as the communists. His audience, which according to the press reports consisted of over a hundred 'counsellors' with General Suzuki, the President, in the chair, refused to accept the explanation and demanded an apology, which Dr. Nitobe is reported to have made. It is believed that the incident is closed—but the police protection continues.

7. Some time ago there occurred another incident in which Dr. Nitobe was concerned and which may be referred to as an illustration of the temper of the military in these days of stress. Briefly, the matter arose out of a slighting reference to the military authorities which Dr. Nitobe made in the columns of the 'Osaka Mainichi,' to which he contributes a daily paragraph. The ex-soldiers' associations, whose membership runs to about three million, decided to boycott the journal with the result that the paper's circulation suffered a serious drop, from which it did not recover until it had published an apology.

8. The most recent instance of persecution which has come to my knowledge is that of Mr. B. W. Fleisher, the American owner and publisher of the 'Japan Advertiser.' I understand that a few days ago the office of the newspaper was invaded by a group of eight policemen, who advised Mr. Fleisher and his son to leave the building, as a mob was on its way to sack it. They did as they were told, though actually the attack did not take place. The reason for the threat was again, apparently, the resentment of the ex-soldiers' associations at what they considered to be a slight to the dignity of the Japanese army, which on this occasion took the form of a photograph which had been published in the 'Advertiser' showing a large number of rifles alleged to have been captured by the Chinese.

9. I have little doubt that many public men in this country are going about in fear of their lives<sup>4</sup>—and at least one well-known foreigner is included in their number. The Japanese have recently developed a lamentable habit of coining new words by contracting English words, and the latest of these is 'tero,' which is short for 'terrorism.' I do not wish to convey that there exists in this country at the present time anything approaching a reign of terror, but it seems to me that the illustrations of the temper of the ex-

<sup>4</sup> In Tokyo despatch No. 135 of March 10, 1932, to the Foreign Office (received April 12: not printed), Sir F. Lindley had stated that the murder of Baron Dan 'seems to be only one of a number of such murders which had been planned by that extreme party which combines the most fervid nationalism and loyalty to the Emperor with a hatred of capitalism and capitalists who are held to be responsible for the diminution of the old spirit of Japan. It is not surprising that, in the ferment produced by this state of things, the question of a change of régime has again come to the front. Prince Saionji has been in the capital for the last few days but I have not yet had the opportunity of ascertaining from an authoritative source the real reason for his visit. On the one hand, I am assured that he has only come here in order to consider the China policy of Japan, whereas, on the other, it is confidently stated that his object is an attempt either to re-form the Government on a broader basis or to smooth over difficulties which have arisen within the Cabinet itself. I hope in a day or two to be able to ascertain more accurately what is really contemplated. In the meantime there is a recrudescence of the old rumours of an imminent *coup d'état* and the only thing that seems certain is that the last of the Genro has lost much if not all of his influence.'

soldiers which I have given are a clear indication of the mentality of the military, who are resolved to brook no interference from any quarter.<sup>5</sup>

I have, &c.,

F. O. LINDLEY

<sup>5</sup> This despatch was minuted by Sir Robert Vansittart and initialed by Mr. Anthony Eden, Parliamentary Under-Secretary of State for Foreign Affairs, as follows: 'The last sentence of the Hochi quotation is the truth of the matter, with the addition that the leeway is increasing at this moment. R. V. April 18.' 'A. E. April 20.'

No. 64

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 12)*

*No. 140 [F 3374/1/10]*

TOKYO, March 11, 1932

Sir,

I have the honour to acknowledge receipt of your despatch No. 75<sup>1</sup> Confidential (F 654/1/10) enclosing memoranda on Sino-Japanese relations drawn up by Sir Victor Wellesley<sup>2</sup> and Sir J. Pratt. I have read these memoranda with the greatest interest and gratification—interest because they afford the first indication of the views of the Foreign Office which I have seen since my arrival here, and gratification because I find that these views coincide entirely, at any rate as regards the Manchurian side of the question, with those consistently urged by this Embassy since September 18th. I can only regret that the action of the Council of the League last October was so little in accordance with them and would refer especially to the following sentence which appears in Sir J. Pratt's memorandum: 'Even from the League of Nations' point of view it cannot be said that there was a good case for intervention.'

2. Perhaps I may be allowed to say how entirely I agree with Sir Victor's opinion that there is no limit to the damage Japan can do to our interests in the Far East if we fall foul of her; and I would add that there is no limit to the injury she will do them in that event. But I should be grievously disappointed if the statesmen responsible for the conduct of our policy did not prove capable of avoiding a disastrous war and so falsifying the implications of the sentence occurring at the end of the last paragraph but 4 and running: 'we may be dragged by events along a path which may end in war with Japan'. I submit with all respect that there is no difficulty whatsoever in avoiding war with Japan.<sup>3</sup> All that is required is an unshakable determination not to take part in any action—such as threats or the application of

<sup>1</sup> Not preserved in Foreign Office archives. The enclosed memoranda are printed in Volume IX as Nos. 239 and 216 respectively.

<sup>2</sup> Deputy Under-Secretary of State for Foreign Affairs.

<sup>3</sup> The preceding part of this despatch, as here printed, was a recast in the Foreign Office (with the agreement and approval of Sir F. Lindley) of the original wording which, in the words of a private telegram (No. 71 of April 15) from Sir V. Wellesley to Sir F. Lindley was

economic sanctions—which may lead to war. If the United States like to indulge in them, that is their affair. And if the worst came to the worst, it might be found that neutrality in the war which would inevitably follow would not result in any marked deterioration in the position of the British Empire. The same reasoning applies to the League of Nations which is impotent against Japan unless the British Empire bears the burden.

3. Sir John Pratt, while agreeing with Sir Victor and this Embassy regarding Manchuria, takes a different line in dealing with China proper. He does not fear being dragged by events into an undesirable war but, if I read him right, regards war with Japan as inevitable and inclines to the view that it would be better for it to come now when the whole world is, more or less, united against Japan than at some later date. 'Ultimately we will be faced with the alternatives of going to war with Japan or retiring from the Far East' is a prediction which seems to me to require much qualification. I should rather put it thus: 'If the military party, which has been in control of Japanese policy since September, remains indefinitely in power, and if the Chinese are unable to oppose an effective passive resistance to Japanese domination, we shall ultimately have to choose between war with Japan and taking a very modest place in the Far East'. The first 'if' is a very big 'if' indeed and one I should be sorry to predict even as a probable hypothesis—much less a certainty. And yet the truth of Sir John's dictum depends on its correctness. Whether, even granting Sir John's hypotheses, the present is a favourable moment to plunge the Empire into war with such a desperate adversary as Japan is a question which responsible Governments can alone decide. At any rate it would be better than being dragged by events into war.

'couched in language which would undoubtedly have unfortunate repercussions if it were submitted as it stands'. The original text had read: 'I have the honour to acknowledge receipt of your despatch No. 75 Confidential (F. 654/1/10) of the 11th ultimo enclosing memoranda on Sino-Japanese relations drawn up by Sir Victor Wellesley and Sir J. Pratt. I have read these memoranda with the greatest interest, gratification and astonishment—interest because they afford the first indication of the views held at the Foreign Office which I have seen since my arrival here; gratification because I find that these views coincide entirely, at any rate as regards the Manchurian side of the question, with those consistently urged by this Embassy since September 18; and astonishment that no attention whatever was paid to them by the late Secretary of State and Lord Cecil when they represented His Majesty's Government in Great Britain at Geneva last October. In this connection I would refer especially to the following sentence which appears in Sir J. Pratt's memorandum: "Even from the League of Nations' point of view it cannot be said that there was a good case for intervention".'

'2. Perhaps I may be allowed to say how entirely I agree with Sir Victor's opinion that there is no limit to the damage Japan can do to our interests in the Far East if we fall foul of her; and I would add that there is no limit to the injury she will do to them in that event. But I must enter a respectful protest against the implications of the sentence occurring at the end of the last paragraph but 4 and running: "we may be dragged by events along a path which may end in war with her (Japan)". I submit that those in charge of British policy have no right to be dragged by events into war with Japan. If they are not able to direct events sufficiently to avoid a disastrous war they should leave foreign affairs to others. I maintain with all respect that there is no difficulty whatsoever in avoiding war with Japan.'

4. I am sending a copy of this despatch to His Majesty's Minister in China.<sup>4</sup>

I have, etc.,

F. O. LINDLEY

<sup>4</sup> Mr. Orde, Sir V. Wellesley, and Sir R. Vansittart minuted on the substantive copy of this despatch as follows:

'Sir F. Lindley treats our policy towards Japan too much in isolation: and he is hardly justified in reading into Sir J. Pratt's statement of two extreme alternatives an advocacy of one of them.

'His opinion that Japan not only could but *would* do untold harm to us in the Far East if we antagonise her is important.

'C. W. Orde 22/4'

'I agree. Sir F. Lindley does not take sufficiently into account the many extraneous factors which so largely have to determine our course of action at Geneva.

'The first sentence of paragraph 2 is the really important part of this despatch. It all comes down to this; viz that it would be imprudent to jeopardise our interests in the Far East unless by doing so we stand to gain far more elsewhere than we stand to lose in that part of the world.

'V. W. 25/4/32'

'It seems unnecessary to print or circulate this. It seems rather a case of a despatch to which "ce qui est vrai n'est pas nouveau, et ce qui est nouveau n'est pas vrai"—in so far as the interpretation of Sir J. Pratt goes.

'R. V. April 26'

## No. 65

*Mr. Dening (Dairen) to Sir F. Lindley (Tokyo)*<sup>1</sup>

*No. 31 [F 3617/1/10]*

*Confidential*

DAIREN, March 11, 1932

Sir,

With reference to my immediately preceding despatch,<sup>2</sup> the conversation which I reported with Mr. Fukumoto developed later into a general discussion of Manchurian affairs, and I venture to think that some of his opinions may be of interest.

<sup>1</sup> A copy of this despatch was received in the Foreign Office on April 22 under Tokyo formal covering despatch No. 150 of March 18.

<sup>2</sup> In this despatch of even date (copy received in the Foreign Office on April 21 under Tokyo despatch No. 148 of March 18), Mr. Dening reported as follows on his conversation on March 10 with Mr. Fukumoto, Commissioner of Customs at Dairen: 'I explained that I had received information which appeared to suggest the possible seizure of Chinese Maritime Customs Houses in Manchuria, and that I was anxious to learn what his views were with regard to the Dairen Customs. They, I gathered, were protected by the Sino-Japanese Customs Agreement of 1907, but I wondered whether, in the event of Manchurian customs autonomy, there would not be a danger of a second duty being charged on goods leaving the Leased Territory for the interior, if the Dairen Customs continued to remit to the Central Government.

'Mr. Fukumoto agreed with both my suggestion that the Dairen Customs were protected by the 1907 agreement and with the possibility of a second duty being levied on goods passing through Dairen in the event of customs autonomy. He was himself still rather in the dark as to what had been happening, and hoped to leave for Mukden the next day in order to ascertain the actual situation and to use his influence to try and prevent any precipitate action with regard to the Customs Houses in Manchuria.'

2. Continuing the subject of the severance of relations between Manchuria and Nanking, Mr. Fukumoto gave expression to a fear which I have already heard mentioned by several persons, namely, that Nanking, treating Manchuria as a rebel province, would bring armed pressure to bear to force its subjection, thus precipitating an inevitable resumption of the conflict with Japan. I said that I hoped China would be dissuaded from resorting to force, but that she could and would presumably safeguard herself by declaring that she did not recognize Manchuria as an independent state, and that these regions were still an integral part of China. In fact, if the Press were to be believed, she had already done so.

3. With reference to the new state, I said that the Japanese here appeared to be very elated at its establishment, and asked Mr. Fukumoto if he thought its future as rosy as it was painted. Mr. Fukumoto replied that he did not. He thought that events had moved far too rapidly. The Japanese Army had been astonished and dazzled by a success far beyond its original hopes, and the younger section of the military party had been too anxious to secure immediate advantages from it. At one time they were prepared to fight the whole world if necessary, but he thought that opinion was changing now. He doubted if the senior military leaders approved of all the schemes of their hot-headed juniors (but he neglected to say why, if their army discipline is what it should be, they did not suppress them).

4. Mr. Fukumoto strongly disapproved of the appointment of Pu Yi to the headship of the Manchurian State. He thought this would only encourage the revolutionary Chinese element, and appeared to think it a mistake that Manchuria should appoint one whom China had already discarded.

5. As a result of the formation of the new State Mr. Fukumoto said there were a great many office-seekers, many of whom had been turned away, thus forming a nucleus of discontent. He also said that too many Japanese advisers had been appointed and that their selection had been extraordinarily poor, resulting in many 'rotten advisers' (as he called them). I have heard this confirmed from another informant, who told me that one or two he had met had been obviously of very poor social standing and of a very objectionable type (though there are, I believe, outstanding exceptions). Mr. Fukumoto, moreover, did not seem to hold a very high opinion of the new Manchurian 'Cabinet', and deplored the lack of any outstanding personality in Manchurian politics. In general he appeared to have by no means an optimistic outlook as to the future of the new State.

6. Copies of this despatch have been sent to Peking, Nanking, Mukden, Harbin and Newchwang.

I have, &c.,  
M. E. DENING

No. 66

*Mr. Eastes (Mukden) to Mr. Holman (Peking)*

*No. 23 Telegraphic [F 2442/1/10]*

MUKDEN, March 12, 1932, 12.4 a.m.<sup>1</sup>

Your telegram No. 9.<sup>2</sup>

According to Manchurian Daily News of March 10th, received at Mukden March 11th, at 3.12 p.m. on March 9th ex-Emperor wearing morning dress with a diamond pin in his tie entered the Senate House at Changchun and received 'Kowtows' from the officials of the new State. Seal[?] of State and Regency were then presented to him.

Count Uchida, President of the South Manchurian Railway then read a congratulatory address, Regent's reply to which was read out by a functionary.

The ceremony was over at 3.20 when a group photograph was taken and the new flag was hoisted with musical honours.

Other leading Japanese present were the Commander-in-Chief of the Kuantung Army, the Governor of Kuantung and the Changchun Consul. Apparently no official of any other foreign nationality was present.

Repeated to Foreign Office.<sup>3</sup>

<sup>1</sup> Time of repetition as No. 5 to the Foreign Office (received at 7 p.m. on March 11).

<sup>2</sup> Untraced in Foreign Office archives.

<sup>3</sup> On March 12 M. Hsieh Chieh-shih, Minister for Foreign Affairs in the new government of Manchuria, addressed to Sir John Simon a telegram (received next day) which began: 'Sir, I have the honour of informing you that provinces of Fengtien, Kirin, Heilung-kiang and Jehol, Tungsheng special district and Mongolian mongs or leagues under several banners have united themselves to establish independent government severing their relations with Republic of China and created "Manchoukuo", or State of Manchuria on March first, nineteen thirty-two.' This telegram was identical with that addressed to the U.S. Secretary of State and printed in *F.R.U.S.* 1932, vol. iii, pp. 579-80. No British reply was made to the telegram (cf. below, No. 102, note 2 and No. 127, note 3).

No. 67

*Mr. Patteson (Geneva) to Sir R. Vansittart (Received March 12, 9 a.m.)*

*No. 129 L.N. Telegraphic [F 2470/1/10]*

GENEVA, March 12, 1932, 2.10 a.m.

Following from Secretary of State:

Addressed to Foreign Office No. 129 March 11th; repeated to Shanghai.

At the end of general discussion on Tuesday<sup>1</sup> President of Assembly invited any members who wished to do so to send in draft resolutions by noon on the following day. I had already prepared draft resolution on the lines of

<sup>1</sup> For the proceedings of the General Commission of the Assembly of the League of Nations on March 8, see *L.N.O.J.*, *S.S. No. 101*, pp. 68-80.



my speech<sup>2</sup> recalling and affirming the necessities of Covenant and Pact of Paris and proclaiming that no situation treaty or agreement brought about by means contrary to those principles should be recognized.

I sent in this draft and six others were sent in by various delegations. Some of them covered partly the same ground and others provided for the setting up of an assembly committee to follow the matter and define[?] its composition and duties.

All these drafts were submitted to the Bureau of assembly, members who had submitted drafts being added to Bureau.

After some discussion in the Bureau it was agreed to deal in one resolution with both branches of subject, principles and procedure.

The Bureau then resolved itself into two sub-committees and I attended that dealing with principles. My draft was taken as the basis of discussion and on the whole considering the number of counter suggestions it emerged comparatively unscathed. The chief difficulty was the desire expressed by the Spanish delegate to lay down in rather rigid terms the principle of evacuation before negotiation. This was eventually reduced to the formula that it would be contrary to the spirit of the covenant that settlement of Sino-Japanese dispute should be sought under stress of military pressure on the part of either party. Text finally agreed upon appears as part 1 and first paragraph of part 2 of resolution. (Text of resolution<sup>3</sup> will be delivered at Foreign Office by hand on Saturday afternoon).

Meanwhile the other sub-committee had evolved text for rest of part 2 and part 3. The whole was somewhat hastily adopted by the Bureau by 1 p.m. yesterday and issued to members of Assembly including parties who desired to submit it to their governments by telegraph. Japanese delegation saw difficulties in connexion with certain phrases of part 3. I secured alterations to meet this difficulty and re-drafts were proposed at meeting of full committee of Assembly which met this morning.<sup>4</sup> I need not trouble you with details on these points.

Before noon today Japanese delegate informed me that he had been instructed to abstain from voting on the ground that the resolution dealt with Manchuria as well as Shanghai. But he recognized that his abstention would not make the resolution if passed any less binding on his government which would continue co-operation under it. At Assembly Committee this afternoon<sup>5</sup> he explained his abstention and Resolution was adopted and passed to the Assembly, Chinese delegates also abstaining. At Assembly<sup>6</sup> resolution was carried unanimously with the same two abstentions and now Chinese Delegate explains his abstention was due solely to absence of instructions.<sup>7</sup>

Assembly then elected Switzerland, Czechoslovakia, Colombia, Portugal,

<sup>2</sup> On March 7; see *L/N.O.J.*, S.S. No. 101, pp. 62-63.

<sup>3</sup> Printed *ibid.*, pp. 87-88.

<sup>4</sup> i.e. Friday, March 11. Cf. *ibid.*, pp. 81-85.

<sup>5</sup> Cf. *ibid.*, pp. 86-87.

<sup>6</sup> Cf. *ibid.*, pp. 87-89.

<sup>7</sup> See *ibid.*, p. 213, for Dr. Yen's letter of March 12 informing M. Hymans of the Chinese Government's acceptance of the resolution.

Hungary and Sweden to sit with President of Assembly and twelve members of the Council<sup>8</sup> on special committee set up by Assembly resolution.

I consider Resolution satisfactory. It is not regarded as too weak even in extremist circles here. It re-affirms strongly principles of the Covenant and Pact of Paris, is entirely in line with United States Government's attitude, it does not directly declare a violation of the Covenant or condemn Japan, it emphasizes continuance of mediatory action under paragraph 3 of Article 15.

I have kept in daily touch with both Americans and Japanese. There is no doubt that the former are very pleased. Their delegation assure me that they realize that we are entirely in line with them and are reporting to Stimson in this sense.<sup>9</sup> They are specially gratified by reference to Pact of Paris which I inserted. Matsudaira has given thanks to me for British assistance in settling the resolution<sup>10</sup> and told me his government appreciates our moderating influence. At the same time Doctor Yen remains quite friendly and realizes that Britain has stood firmly for League principles. I have arranged a private dinner party tonight with Yen, Matsudaira and the Americans all attending.

(To Shanghai only).

Text of Resolution is contained in my immediately following telegram.<sup>11</sup> Please repeat both to Tokyo.

<sup>8</sup> i.e. the members of the Council other than China and Japan. This committee became known as the 'Committee of Nineteen'.

<sup>9</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 567-8.

<sup>10</sup> See No. 62.

<sup>11</sup> Not printed: cf. note 3 above.

## No. 68

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 12, 9.30 a.m.)*

*No. 163 Telegraphic [F 2713/39/23]*

TOKYO, March 12, 1932, 1.20 p.m.

My telegram No. 160.<sup>1</sup>

Following for Department of Overseas Trade:—

General financial position is not good. Bank deposits generally are already small and industrial and overseas home trade are so hard hit by prevailing difficulties that further monetary accommodation is considered necessary.

There seems no prospect of raising foreign loan or internal patriotic loan and the government bond issue taken up by Bank of Japan is talked of in order to balance the budget, help traders and pay for military expenditure. Currency inflation seems unavoidable. Bank discount and loan rate reduced from today.

<sup>1</sup> Not printed. This telegram of 5 p.m. (received at 11 a.m.) on March 8 informed the Department of Overseas Trade that certain Japanese banks in the Nagoya district were 'in difficulties owing to bad debts connected with cotton trade. Bank of Japan said to have advanced over 100,000,000 Yen to help them and forestall run on other banks in the same district.'

No. 69

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*

*No. 25 Telegraphic [F 2467/1/10]*

GENEVA, March 12, 1932, 4.40 p.m.<sup>1</sup>

Your telegram No. 168 to Foreign Office<sup>2</sup> last paragraph.

Prior to vote on resolution Chinese delegate stated he understood it to mean that negotiations mentioned in paragraph 3 are armistice negotiations and not Shanghai Conference which should follow armistice negotiations. He accepted the resolution on this understanding and on further understanding that no condition should be attached to the withdrawal of the invaders' troops.

No other delegate spoke and these undertakings<sup>3</sup> were therefore presumably accepted by the Assembly.<sup>4</sup>

Repeated to Foreign Office.

<sup>1</sup> Time of repetition as No. 131 L.N. to the Foreign Office (received at 5.45 p.m. on March 12).

<sup>2</sup> No. 50.

<sup>3</sup> This word was amended on the filed copy to read 'understandings'. Cf. *F.R.U.S.* 1932, vol. iii, p. 583.

<sup>4</sup> In view of an expression of doubt by Sir J. Simon as to the soundness of this sentence the question was considered on March 15 by Mr. Fitzmaurice and Sir W. Malkin, respectively Third Legal Adviser and Legal Adviser to the Foreign Office. Sir W. Malkin agreed with Mr. Fitzmaurice's view that 'we may take it that the Assembly accepted the Chinese interpretation, and that if the Japanese are going to raise any objections to the resolution it will have to be on grounds other than that the Chinese interpretation was incorrect'.

No. 70

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 12, 4.45 p.m.)*

*No. 175 Tour. Telegraphic [F 2546/488/10]*

SHANGHAI, March 12, 1932, 11.40 p.m.

Following for Sir W. Selby:—

*Personal.*

I am becoming daily more clear that it is the greatest mistake for heads of missions to dally too long in Shanghai. It is the worst possible place for a clear judgment and one is far too close to all these intricate local questions and the heat which they inevitably engender especially at a time like the present or indeed at any other if one stays more than a short period. Familiarity etc.<sup>1</sup> I am most anxious not to get tied up more than unavoidable in such local questions as those raised by the joint committee which are far better handled in first instance by Consul-General.

<sup>1</sup> The allusion was presumably to the proverb, Familiarity breeds contempt.

What I should like would be to get negotiations for a truce well on the rails and then move up to calmer atmosphere of Nanking which would I am sure be better for all of us and where one might be able to do more effective work on those very questions leaving Mr. Brennan to cope with his community in his own excellent way.

But in Brennan's interests Admiral would have to be gently curbed on political side when I left.

Have you any views?

No. 71

*Letter from the United States Secretary of State to Sir J. Simon<sup>1</sup>*  
[F.O. 800/286]

WASHINGTON, March 12, 1932

My dear Sir John:

I want you to know how sincerely I appreciate your constant and effective efforts for the incorporation by the Assembly of the League of Nations in Part I of its resolution of a proclamation which aligns the members of the League of Nations so harmoniously with the position taken by my Government in its note to China and Japan of January 7, 1932.<sup>2</sup> The reference to the Kellogg Pact in the resolution is most gratifying evidence of a desire on the part of the members of the League who are also signatories of that treaty to find a common basis for action with the United States. I cannot but feel that the close co-operation of our Governments has resulted, with your assistance in Geneva, in an important contribution to the cause of peace. It has created a precedent of international practice which will, I believe, go far to effectuate the purposes which are common to both the Pact of Paris and the Covenant of the League of Nations. I can only assure you that it is my earnest hope and desire that our two Governments shall continue their efforts in the same spirit of constructive co-operation.

Believe me,

Yours very sincerely,  
HENRY L. STIMSON

<sup>1</sup> *Note on filed copy*: "The above note is delivered under cable instructions dated March 12, 1932. (signed) Ray Atherton. London, March 14, 1932"; see *F.R.U.S. 1932*, vol. iii, p. 577. Mr. Atherton was Counsellor in the U.S. Embassy in London.

<sup>2</sup> Cf. No. 49, note 7.

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 12)**No. 144 [F 3376/1/10]**Confidential*

TOKYO, March 12, 1932

Sir,

In my despatch No. 138<sup>1</sup> of to-day's date I referred to conversations which, during the recent visit of the Commission appointed by the Council of the League to enquire into causes of dispute between Japan and China, Mr. Astor<sup>2</sup> had had with members of the Japanese Foreign Office.

2. Among these conversations was one with Mr. Tani, Chief of the Asiatic Department, which took place on the 7th instant at an informal interview which Mr. Snow, Counsellor of this Embassy, arranged at Mr. Astor's request, and subsequently attended at Mr. Tani's. In the course of the conversation, which lasted for an hour, and in which Mr. Tani in general answered Mr. Astor's questions quite frankly, the latter enquired whether in Manchuria Japan would be satisfied with an arrangement guaranteeing her the full enjoyment of her Treaty rights, or whether she desired something further. Mr. Tani did not reply at once, and Mr. Astor then added that his question should be understood as including, together with Treaty rights, such rights

<sup>1</sup> Not printed. For the Lytton Commission's first visit to Japan, cf. the Lytton Report, p. 10. In the Tokyo despatch under reference Sir F. Lindley further reported in conclusion: 'Speeches at the official functions defended the Japanese viewpoint at such length as sometimes to create an impression, when the text appeared in the newspapers, of having been designed with an eye to placing the patriotic orthodoxy of the speaker beyond question in the minds of the more reactionary members of the public. This, and the slightly patronising tone adopted at times, perhaps inevitably, in welcoming the presence of the Delegation as evidence of the Council's desire to inform itself better about the real state of affairs in the Far East, might possibly have placed a less adroit speaker than Lord Lytton, who responded for the Delegation, in positions of momentary difficulty. To Mr. Yoshizawa, the Japanese Minister for Foreign Affairs, Lord Lytton remarked that there had been parts of his speech on which he felt unable to comment, since on the merits of the dispute the Delegation were at that stage "a receiving, not a transmitting station", and he expected later on to hear the Chinese viewpoint "developed with equal ability". In reply to a remarkably long speech, defending Japanese foreign policy from every point of view, Viscount Ishii, [a former Japanese Minister for Foreign Affairs] who, according to a recent statement of Lord Cecil's, as reproduced here, would have conducted Japanese foreign policy in a very different manner if he had been in charge of it, was briefly reminded by Lord Lytton that it was not etiquette for a doctor to prescribe for his own case.

'5. It may be said that the delegates during their visit behaved with wisdom and circumspection; they established friendly relations with those with whom they came in contact, and succeeded, I fancy, in the important task of convincing them that they were a reliable, reasonable, well-disposed and also an authoritative body of men. Whether, in view of the unfortunate incidents described in the second paragraph of this despatch, and of the heavy bodyguard of police with whom it was at all times necessary to surround them, the delegation carried away equally good impressions of their visit, I am not in a position to say.' These unfortunate incidents were an enforced cancellation of an afternoon reception to be given by Dr. Nitobe and the assassination of Baron Dan on the morning after he had entertained members of the Lytton Commission at the Industrial Club: cf. No. 63.

<sup>2</sup> Secretary to Lord Lytton.

as were based on usage or prescription only. Mr. Tani said that even this would not fully satisfy Japan. In the first place, it was an essential interest of Japan that Manchuria should be safeguarded from any military menace, and there must, for instance, be no possibility of a repetition of Russia's former threat to Korea. In the second place Japan desired that Japanese subjects should be allowed freely to settle and trade in North Manchuria. I may add that Mr. Astor informed Mr. Snow in confidence that Lord Lytton had previously put the same question to Mr. Yoshizawa, and that the latter had replied that Japan would be fully contented with her Treaty rights: when however the record of the conversation was sent in to Mr. Yoshizawa for confirmation, the latter's reply was amended to a statement that he must have more time to consider the question. After this preface Mr. Tani said that he would define Japan's desiderata in Manchuria as he himself saw them:—they were (1) to protect the country from any military menace, (2) to ensure freedom of residence and trade for Japanese subjects, (3) to ensure uninterrupted transit and trade between Manchuria and Japan: in connection with (2) and (3) it was Japan's intention strictly to observe her obligations under the policy of the 'Open Door'.

3. It will be seen that the account which Mr. Tani gave of Japan's three main desiderata was to a great extent the same as that given by him to Mr. Snow in November last, and reported in the fourth paragraph of my despatch No. 539<sup>3</sup> of the 13th of that month. The differences between the two accounts, which seem perhaps to indicate that in the interval Japan's desires have undergone some increase, are not without importance. Indeed point (1), involving the protection of Manchuria's frontiers by Japan, would seem to imply that Manchuria must be regarded as something in the nature of a Japanese Protectorate. Equally significant is the enlargement of point (2) to include freedom of residence and trade for Japanese subjects in North Manchuria, whereas the Treaty rights, on which such emphasis had been laid at the Japanese Foreign Office previously, refer to so-called South Manchuria and Inner Mongolia only.

4. Mr. Astor also enquired of Mr. Tani whether Japan's wishes included any form of unified railway administration in Manchuria. Mr. Tani replied that he considered that, while the idea was excellent, the question was primarily one for the railway authorities concerned. As far as South Manchuria was affected, it might be assumed that the South Manchuria Railway Company would in future themselves administer the lines, which China had built with the aid of Japanese loans now in default. Japan would not tolerate the resumption of any freight-war with the South Manchuria line. As regards North Manchuria, there were plainly various points of view which might have to be considered.

5. Turning to the recent formation of the new Manchurian state, Mr. Astor suggested that it might be impossible for public opinion to accept the contention that the new State was a purely spontaneous growth, in the emergence of which Japan had played no rôle. Mr. Tani answered that he

<sup>3</sup> See Volume VIII, No. 732.

did not expect to be believed, but it was a fact that neither the Foreign Office, War Ministry, nor any other Department of the Japanese Government had taken any part in the matter. In reply to a suggestion that there were numerous Japanese advisers in the new Government, Mr. Tani stated that these had obtained their appointments by private initiative. The foregoing may, I presume, have been only Mr. Tani's way of saying that the task of organising the new Manchurian state had been left entirely to the Japanese experts on the spot (among whom the military special service officers exert great influence).

6. Parts of the conversation above recorded suggest the question, which may have presented itself on other occasions in the past few months, to what extent is a state comprising South and North Manchuria likely to be administered to the satisfaction of Japan and Soviet Russia at the same time? Up till now there has been little misgiving on this score in this country, where it has been assumed that, pending the completion of the 5-years' plan,<sup>4</sup> Russia's only interest is to keep the peace; nor could it be regarded at the present moment as Japan's interest to force any issue with Russia. The possibilities of trouble in the future may, however, be worthy of attention, while the future, if trouble should arise, is perhaps unlikely to be very remote, for Japan would have little inducement to await the maturing of any Soviet 10-year plan. Indeed, an influential member of the Gaimusho<sup>5</sup> openly expressed this sentiment before a member of my staff.

7. In estimating these possibilities much must depend on the nature of Russia's own policy in Manchuria. This is not, perhaps, a question which this Embassy is in the best position to study. I would add that it occurs to me as just possible that some light might be thrown on it by the history of the efforts which, following the temporary arrangement at Habarovsk in 1929,<sup>6</sup> Mr. Mo-te-Hui<sup>7</sup> has been making at Moscow to negotiate a permanent settlement of the status of the Chinese Eastern Railway, though the negotiations appear to have led to no result, Mr. Mo-te-Hui, according to the Press, having now been relieved of his appointment. It may perhaps be of interest to add that M. Spilwanek, formerly Soviet Consul-General at Habarovsk, and now Counsellor at the Soviet Embassy in Tokyo, an intelligent man who makes a good impression, recently informed Mr. Snow that Russia's only important interest in Manchuria was to safeguard the livelihood of the 30 or 40,000 Soviet citizens there, who were dependent on the Chinese Eastern Railway. M. Spilwanek intimated that the ideas of Russia's interests in Manchuria which she had entertained under the ancien régime (i.e. presumably, that she had military and strategic interests there) no longer possessed the smallest actuality at the present day. Except in so far as the livelihood of her 30 or 40,000 citizens was concerned, Soviet Russia was not

<sup>4</sup> For comments by H.M. Embassy in Moscow on the Soviet five-year plan see Volume VII, Nos. 52, 97, 100.

<sup>5</sup> The Japanese Ministry of Foreign Affairs.

<sup>6</sup> See Volume VIII, Appendix I.

<sup>7</sup> Head of a Chinese delegation at Moscow.

even interested in the commercial success of the Chinese Eastern Railway, and in any case its commercial prospects were not considerable. I assume that Russia's interest in her citizens in Manchuria, owing to their potential value as instruments of propaganda, may be a very real and important one for her, even though for some time past she may have curtailed their activities provisionally.

I have, &c.,  
F. O. LINDLEY

No. 73

*Mr. Ingram (Nanking) to Mr. Brennan (Shanghai)*

*No. 87 Telegraphic [F 2472/1/10]*

NANKING, *March 13, 1932, 9.20 p.m.*<sup>1</sup>

Following for His Majesty's Minister.

In the course of long conversation with Minister for Foreign Affairs this morning he told me that recent plenary session of Central Executive Committee at Loyang had confirmed his policy of resistance to all acts of aggression coupled with strict adherence to all treaty obligations under the Kellogg Pact, League of Nations Covenant, Nine Power Treaty, etc., in order to give time for the resolution of the Council and the Assembly for good offices of interested Powers and work of the League of Nations Commission to produce some concrete results. China was bound to take preventive measures to meet possible contingencies, e.g., military dispositions to meet possibility of further acts of Japanese aggression and think out possibilities of expedition against new rebel administration in Manchuria but he assured me that there was no question of launching such an expedition yet for reasons stated above.<sup>2</sup> China would go on for some time longer relying on the inherent justice of her cause to bring redress but outside world must not delude itself that because the Chinese were patient their patience was inexhaustible. The time might well come when they might become desperate and resort to desperate measures; for the present, however, they were too conscious of weakness to contemplate the withdrawal from the policy indicated above.

2. Minister for Foreign Affairs was much more coherent than usual.

Repeated to Peking, Tokyo, Commander-in-Chief and Foreign Office.

<sup>1</sup> Time of repetition as No. 32 to the Foreign Office (received at 9.30 a.m. on March 14).

<sup>2</sup> A telegram of March 12 from the Commander, Tientsin Area, to G.O.C. Hong Kong (copy received in the Foreign Office on March 16) reporting a conversation with Mr. W. H. Donald, adviser to Marshal Chang Hsueh-liang, former chief of the Chinese administration in Manchuria, said: 'It is very unlikely Chang Hsueh Liang will undertake any sort of expedition to retake Manchuria as he has not resources for the purpose. It is very probable however that he will harass new Manchurian government by means of guerilla warfare.'



No. 74

*Mr. Ingram (Nanking) to Mr. Brennan (Shanghai)*

*No. 90 Telegraphic [F 2459/1/10]*

NANKING, March 13, 1932, 9.20 p.m.<sup>1</sup>

Following for His Majesty's Minister:

A proclamation has been issued under yesterday's date by President Lin Sen and Wang Ching-wei<sup>2</sup> refusing to recognize organization of new illegal government in the North East provinces under Japanese auspices in violation of China's territorial integrity and contrary to Nine Power Treaty and resolutions of council of League of Nations. The new government is considered a rebellious organization under the aegis of Japanese Government which is entirely responsible for it.

Repeated to Tokyo, Shanghai, Commander-in-Chief, and Foreign Office.

<sup>1</sup> Time of repetition as No. 34 to the Foreign Office (received at 5.35 p.m. on March 13).

<sup>2</sup> President of the Executive Yuan of the National Government of China. For the proclamation, cf. *F.R.U.S.* 1932, vol. iii, p. 586.

No. 75

*Mr. Ingram (Nanking) to Mr. Brennan (Shanghai)*

*No. 91 Telegraphic [F 2460/1/10]*

NANKING, March 13, 1932, 9.20 p.m.<sup>1</sup>

Following for His Majesty's Minister:—

I received last night from Waichiaopu:

A. Summary of Japanese reply to Chinese note of February 24th regarding independence movement in Manchuria (see my telegram No. 50).<sup>2</sup> Reply states that movement should be regarded as the action of Chinese citizens discontented with local political conditions, that neither the Japanese government nor Japanese officials had anything to do with it and that Mr. Sato's declaration<sup>3</sup> if accurately reported meant nothing more than the Japanese welcome of new conditions of peace and order which would naturally result from development of local self government in the three Eastern provinces.

B. Chinese rejoinder despatched by Chang Hsueh-liang maintains that Chinese and foreign nationals lived in peace and order in Manchuria prior to Japanese invasion and occupation, that so-called independent movement had been either actually promoted by Japanese government or its officials, that any Chinese participating were acting under Japanese coercion, that

<sup>1</sup> Time of repetition as No. 35 to the Foreign Office (received at 8.30 p.m. on March 13).

<sup>2</sup> Volume IX, No. 571.

<sup>3</sup> A reference to M. Sato's statement at the Council of the League of Nations on February 19, 1932; see *L.N.O.J.*, March 1932, pp. 364-5. Cf. Volume IX, No. 576.

real power and authority of puppet government were wielded by large number of Japanese advisers appointed by Japanese government or its officials, that kidnapping by Japanese of ex-Emperor and his installation as chief executive of bogus government prove Japan's rôle to be not that of sympathetic helper but instigator of the whole business. Note concludes by declaring that Japanese government must be fully responsible for the establishment of so-called independent or autonomous government in the three Eastern provinces during their continued occupation by Japanese troops.

C. Long list of officials in various bogus government offices in the three Eastern provinces showing great percentage of Japanese citizens installed as advisers.

Repeated to Tokyo, Peking, Commander-in-Chief and Foreign Office.

## No. 76

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 13, 4 p.m.)*

*No. 180 Tour. Telegraphic: by wireless [F 2464/1/10]*

SHANGHAI, March 13, 1932, 11.20 p.m.

My telegram No. 171.<sup>1</sup>

Japanese Minister now writes<sup>2</sup> that Japanese representative at Geneva has replied that he is not disposed to look upon Dr. Yen's reservation as modifying the sense of League resolution or binding Japan in any way.

2. As regards 'complete withdrawal' he cannot read Kuo Tai-chi's meaning into the resolution.<sup>3</sup> He therefore suggests that both sides stand simply on the resolution itself and avoid at this step [stage]<sup>4</sup> bringing in conditions or matter[s] extraneous to it.

3. In reply I am telling him that Geneva telegram No 25 to me<sup>5</sup>, just in, does not *prima facie* appear to tally with the Japanese view regarding Yen's reservations and intimating that this prolonged process of exchanging letters between the two sides through me does not appear to lead anywhere: and that unless there seems some better prospect of bringing the two sides together it becomes a question how much longer my three colleagues and I should continue to act as a channel of communication: and that we shall all four discuss his letter on Monday.<sup>6</sup>

Repeated to Mission, and Peking.

<sup>1</sup> No. 53.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 582. A copy of M. Shigemitsu's letter was received in the Foreign Office on April 20 as enclosure in Shanghai despatch No. 100 of March 16.

<sup>3</sup> See No. 61.

<sup>4</sup> Wording in the Foreign Office copy of M. Shigemitsu's letter; see note 2 above.

<sup>5</sup> No. 69.

<sup>6</sup> March 14.

No. 77

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 14, 5 p.m.)*  
*No. 181 Tour. Telegraphic: by wireless [F 2499/1/10]*

*Confidential*

SHANGHAI, March 13, 1932

Military Attaché reports 1600 hours March 13th.

Reference postal map Shanghai district.

Headquarters of newly arrived Japanese 14th Division is now in the line at Nan . . .<sup>1</sup>

2. Feelers given out by press agencies in Tokyo with idea of emphasizing Japanese desire for liquidation of their Shanghai adventure by withdrawal of proportion of troops now in Shanghai are confirmed as correct by the army headquarters here. Intention seems to be should Chinese attitude encourage the idea to withdraw ninth division and twenty-fourth mixed brigade leaving the eleventh and fourteenth divisions with extra medium artillery and machine gun units here; eleventh to be made up to strength of a fully mobilized division. This will mean little more than the equivalent of withdrawing the weak twenty-fourth mixed brigade.

3. Chinese are holding following outlying line: point on Suchow creek four miles west of Anting-Taitsung-Shatow—thence north-west to Hupukow on Yangtze.

Present strength deducting recent casualties of nearly ten thousand is estimated at 46,000.

Captain Stables<sup>2</sup> reports defensive measures in progress but no indications that offensive is contemplated.

4. Putting above line on the map it can be seen if reference is made to Japanese outpost line given in my telegram (? No. 156)<sup>3</sup> that opposing armies are still in contact though Chinese left wing is well drawn back.

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> The text is here uncertain. It was suggested in the Foreign Office that this word should read 'Nanziang'.

<sup>2</sup> Language Officer in H.M. Legation at Peking.

<sup>3</sup> Shanghai telegram No. 156 Tour of March 7 (received 5.5. p.m. the same day, not printed) transmitted a report of March 7 by H.M. Military Attaché in which he said: 'Japanese headquarters gave me this morning as follows the general line. Liuho-Kiating-Nanziang with outposts, and the line they intend to stand on as Chiuching-(north-west of Liuho) Shintang-Lutang-Waikang-Fangtaichen-Huangtu thence east along the Soochow creek, a few patrols only south of the creek.'

No. 78

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 13, 7 p.m.)*  
*No. 179 Tour. Telegraphic: by wireless [F 2461/65/10]*

SHANGHAI, March 14, 1932, 2.20 a.m.

Following for Sir V. Wellesley.

Following telegram marked private and confidential dated March 10th has been despatched to London by Joint Committee.

Begins.

We are strongly of the opinion that the present situation at Shanghai presents an unique opportunity if handled in a statesmanlike manner of improving the status of the International Settlement and achieving reasonably permanent and satisfactory solution of the problems studied exhaustively by Judge Feetham especially as regards municipal roads outside the Settlement proper, establishment of just courts and security of the Settlement. Alternative is a recurrence of the danger of incidents,<sup>1</sup> continued maintenance of armed force or if reasonable solution ignored probable prolonged Japanese occupation and independent negotiations. We have good reason to believe that the Japanese, who now occupy the area outside the Settlement which has for many years been a fruitful source of disputes between Chinese local authorities and the Shanghai Municipal Council owing to encroachment by the former on the latter's jurisdiction over roads belonging to the latter, are genuine in their disclaimer of any territorial or political ambitions in this area and would welcome co-operation of the British and United States Governments in disclaiming [*sic*]<sup>2</sup> reasonable solution whether by establishment of demilitarized zone outside the Settlement to be administered by the Chinese . . .<sup>3</sup> foreign body political integrity of which should be guaranteed by the Powers or by simple extension of existing International Settlement and recasting of the regulations governing the same on the lines suggested by Judge Feetham and further and very important by replacing the present Chinese court in the Settlement by an International Court of judges prepared to function judicially instead of . . .<sup>4</sup> politically. We have reason to doubt the intention of the British Government to take active steps to secure an improvement of the International Settlement's status or settlement of long standing causes of dispute between Chinese outside authorities and International Settlement<sup>5</sup> and to believe that the British Government would not participate in any settlement by dictation but only in one to which after discussion the Chinese gave their free consent. Unless we are mistaken the British Government's attitude is to continue the policy of conciliation<sup>6</sup> of the Chinese official domination<sup>7</sup> at all costs which has been largely responsible for the outbreak of the Sino-Japanese conflict and all the ensuing loss of life and property and trade and unless this attitude can be converted into one more positive and based not on make-believe but on realities, whole

<sup>1</sup> The text of this telegram received by bag on April 11 (see No. 112 below, note 1) here read: 'Alternative is recurrent dangerous incidents'.

<sup>2</sup> It was suggested on the filed copy that 'disclaiming' should read 'achieving': the latter word was in the later text.

<sup>3</sup> The text is here uncertain. The later text read: 'by Sino-foreign body'.

<sup>4</sup> The text is here uncertain. The later text read: 'instead of sometimes politically'.

<sup>5</sup> The original version of this document (not printed: see last paragraph of present document) here continued: 'British Minister is reliably reported to have stated that present time is inopportune to attempt any settlement of outstanding disputes between International Settlement and Chinese authorities and to have indicated that British Government would not participate in any settlement by dictation. . . .'

<sup>6</sup> The original version here read: 'policy of defeatism and conciliation'.

<sup>7</sup> The later text, and the original version, here read: 'of Chinese officialdom'.

advantage of the situation created by the Japanese dominating position around Shanghai will be lost. It cannot be too strongly emphasized firstly that blunders in detail notwithstanding the Japanese action and general attitude has been forced upon them by the utter failure of Chinese officials to reciprocate foreign co-operation, conciliation, and reasonableness or to provide through impartial court judicial means of obtaining redress for illegal actions against their nationals in Shanghai. Secondly that no reasonable solution to present situation or of causes of dispute between the International Settlement and the local or National Chinese authorities can be hoped for without *exercise of pressure by Japan supported by Great Britain with or without concurrence of the United States*<sup>8</sup> and thirdly that Chinese will undoubtedly refuse to listen to the voice of reason so long as they believe success will attend their customary policy of playing off one Power against another and *finally* that China's protest<sup>9</sup> to the League against Japan's alleged violation of her obligations under League Covenant, etc., ignore the fact that it has in recent years proved impossible by any but forcible means to induce China herself to fulfil or to recognize her own obligations under treaties concluded by her. We strongly urge you to do all you can by representations to the Foreign Office, Members of Parliament, and editors of leading papers to impress upon them vital importance of inducing stronger, more positive and less unreal policy so that Japan will not be isolated when upholding the principles of justice, good Government and civilization in this all important region of China. Also we strongly urge Shanghai Municipal Council should be directly and adequately represented in any conference on local situation.

Foregoing is not for publication but to indicate the lines on which to work in educating the public and in communicating with the Foreign Office etc.

Please send copy to O. M. Green.<sup>10</sup>

Ends.<sup>11</sup>

<sup>8</sup> In the filed copy the words here in italics were underlined and marked X in the margin.

<sup>9</sup> This word read 'protests' in the later text.

<sup>10</sup> Representative in London of the Shanghai British Residents' Association. Mr. Green made representations accordingly in a conversation with Mr. Eden on March 15 (F 2671/65/10). In his reply to the Shanghai British Residents' Association (copy sent to the Foreign Office in Shanghai telegram No. 212 Tour of March 20) Mr. Green said: 'Eden sympathized, asked me to go again. Gather British Government not yet formulated policy beyond Chinese-Japanese peace conference. General impression Simon does not favour indiscriminate conciliation. Debate on China due before Easter holiday recess.' (See 263 *H.C. Deb.* 5 s., cols. 897-948, 989-1010.)

<sup>11</sup> This telegram was minuted and initialed as follows by Sir V. Wellesley, Sir R. Vansittart, Sir J. Simon, and Mr. Eden:

'It is this diehard attitude which adds so much to our troubles. V. W. 15/3/32.'

'In any case—see passage marked X on p. 3 [see note 8]—we should have to side with Japan against the U.S., thereby realising Sir R. Lindsay's hitherto unwarranted forebodings; and that alone w[oul]d put the idea out of court. R. V. March 16.'

'J. S. Mar. 18.'

'My few remarks on this matter in the House [of Commons] yesterday [see 263 *H.C. Deb.* 5 s., cols. 1007-10] may assist to discourage such propaganda. They were so intended.

'A. E. March 23.'

2. Original version (of which I am sending you copy via Siberia)<sup>12</sup> was more violent but was modified after meeting with Joint Committee on March 9th, reported in my telegram No. 166.<sup>13</sup>

<sup>12</sup> See No. 112 below.

<sup>13</sup> No. 48.

### No. 79

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 14, 10.45 a.m.)*  
*No. 165 Telegraphic [F 2473/1/10]*

TOKYO, March 14, 1932, 4 p.m.

Geneva telegram No. 28<sup>1</sup> just arrived in sections<sup>2</sup> gives view of Japanese policy which this Embassy finds misleading and superficial.

There was no definite Japanese plan but appetite has risen since September and may well grow more. At present we believe that the Japanese object in China is restricted to removing danger of official boycott.

Had Council of League of Nations shown any statesmanship or even common prudence at the outset there would have been no question of east versus west but of Japan versus China. Even now these should be the principal protagonists.

It will be of great interest to this Embassy to have reply to your telegram No. 64 to Geneva.<sup>3</sup>

It is not in sections nor in print<sup>4</sup> which have reached us.<sup>5</sup> Please repeat to Geneva if necessary.

<sup>1</sup> Volume IX, No. 204.

<sup>2</sup> i.e. selections of important telegrams circulated weekly to H.M. Representatives abroad.

<sup>3</sup> Volume IX, No. 224.

<sup>4</sup> i.e. selections of correspondence printed by the Foreign Office for confidential circulation.

<sup>5</sup> Sir R. Vansittart replied in Foreign Office telegram No. 62 to Tokyo of 10 p.m. on March 15, 1932: 'Lord Cecil's suggestions were communicated to the Secretary of State, but are not available. They are, however, now very much past history.' See Volume IX, No. 267.

### No. 80

*Mr. Ingram (Nanking) to Mr. Brennan (Shanghai)*  
*No. 95 Telegraphic [F 2498/1/10]*

NANKING, March 14, 1932, 6.40 p.m.<sup>1</sup>

Following for His Majesty's Minister.

Your telegram No. 171 to Foreign Office.<sup>2</sup>

Minister for Foreign Affairs has just telephoned to request me to enquire whether it would not be possible to secure initiation of informal discussions

<sup>1</sup> Time of repetition as No. 36 to the Foreign Office (received at 7.30 p.m. on March 14).

<sup>2</sup> No. 53.

of truce pending reply from Geneva to Japanese Minister regarding Yen's reservations.

Repeated to Tokyo, Commander-in-Chief, Peking.

#### No. 81

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 14, 12.50 p.m.)*  
*No. 168 Telegraphic [F 2476/1/10]*

TOKYO, March 14, 1932, 7.35 p.m.

My immediately preceding telegram.<sup>1</sup>

Minister was unusually cordial and frank, thanks I think to gratitude to yourself.

I have no doubt that he will do all he can to prevent hasty recognition of new state and I have hopes that he will succeed. But there is considerable agitation in the press for immediate recognition.

Please repeat to Geneva if necessary.

Repeated to Shanghai.

<sup>1</sup> No. 82. These telegrams were despatched in reverse order.

#### No. 82

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 14, 2.20 p.m.)*  
*No. 167 Telegraphic [F 2475/1/10]*

TOKYO, March 14, 1932, 7.39 p.m.

I had a long conversation this afternoon with Minister for Foreign Affairs who expressed his deep gratitude of your friendly and helpful attitude at Geneva. It was thanks to this that Japanese Government had decided to instruct their delegate to make no trouble about the resolution of the assembly.<sup>1</sup>

In reply to a question Minister for Foreign Affairs stated Japanese Government would withdraw their troops to the neighbourhood of Shanghai settlement as soon as they were assured that Chinese would not follow them up and withdraw to Japan as soon as arrangements for policing zone were concluded.<sup>2</sup> Chinese had up to now looked to Geneva to help them but they were still in touch with the Japanese at Shanghai and he hoped that negotiations would soon begin.

*Confidential.*

I then asked Minister for Foreign Affairs about the new Manchurian Government. He stated for my confidential information that Japanese Government had decided not to recognize government for the present. His

<sup>1</sup> Cf. No. 62.

<sup>2</sup> Sir F. Lindley's telegram No. 169 of 12.40 p.m. on March 15 (received 9.30 a.m. the same day) reported that the War Office had issued orders 'yesterday for half the Japanese troops in Shanghai i.e. 11th Division and 24th Mixed Brigade to be withdrawn shortly'.

personal opinion was that even were it recognized there could be no question of modifying in any way treaty rights at present enjoyed by foreigners without the assent of the Powers.

We then discussed at length and unofficially the difficulties which erection of a new state must create between the Powers and Japan and I maintained that an autonomous government which recognised legitimate Japanese rights was the best solution for all.

Please repeat to Geneva if necessary.

Repeated to Shanghai.

### No. 83

*Mr. Holman (Peking) to Sir J. Simon (Received March 15, 5.50 p.m.)*

*No. 160 Telegraphic: by wireless [F 2550/1/10]*

PEKING, March 14, 1932

Following received from Hankow telegram No. 9 of March 10th. Begins: Addressed to Nanking, repeated to Commander-in-Chief, Shanghai for Minister, Peking telegram No. 9, copy to Rear Admiral Yangtse.

Your telegram No. 1.<sup>1</sup>

a. Only 84 wives and children of merchants have left Hankow. 1600 are still here and are not being evacuated.

b. Admiral Shiozawa is coming here in ordinary course of his duties. He is well known to General Hoo<sup>2</sup> and Japanese Consul-General sees no danger in his coming but if situation here for any reason loses its present friendly atmosphere he will 'embolden' himself to suggest to Admiral that he refrain from coming.

c. No reinforcements are expected, in fact some of gunboats are to leave.

2. Japanese Consul-General states that he is determined to keep the peace and he has his government behind him. His relations with Chinese are most friendly and he has offered to remove all his defence works if Chinese will take down their military works at Wuchang and seven mile creek; General Hoo is considering this proposal.

3. He said that Shanghai was deplorable and Japan had enough on her hands with Shanghai and Manchuria. Further she had to consider the League of Nations and in addition he had in mind his nationals at Changsha, Ichang and Kiukiang and in present circumstances he considers clash here to be unlikely.

<sup>1</sup> Telegram No. 1 from Mr. Ingram (Nanking) to Hankow was repeated to the Foreign Office in Peking telegram No. 161 of March 14 (received at 5.50 p.m. on March 15). It stated that 'Minister for Foreign Affairs and Admiral Chen are both perturbed at possibility of some Japanese *coup* on the Yangtse especially at Hankow' and mentioned detailed reports on which these apprehensions were based. These included the report that the Japanese Consul at Hankow had ordered the evacuation of his nationals.

<sup>2</sup> Mr. F. K. Roberts, a member of the Far Eastern Department of the Foreign Office, minuted on March 16: 'I cannot trace General Hoo, but he is probably Governor of Hankow. On the other hand it may be a mistaken rendering of General Ho (Yeng-ching), Chiang Kai-shek's Minister for War.'



*Memorandum by Sir J. Pratt*

[F 2500/2500/10]

FOREIGN OFFICE, March 14, 1932

I submit copy of a record of a conversation with Mr. Yoshida, Japanese Ambassador at Rome, who discussed with me at Geneva the question of future Anglo-Japanese cooperation in China. I submitted a copy of this record to the Secretary of State but do not know yet whether the Secretary of State has had time to give the question his consideration. I also attach a letter<sup>1</sup> dated the 2nd March from Mr. Yoshida enclosing the memorandum<sup>1</sup> setting forth his ideas which he promised to send me. It will be seen that this memorandum does not carry us any further. At a later interview with Mr. Yoshida I explained that the Secretary of State, so far as I was aware, had not yet been able to consider the question. I avoided expressing any opinion on his plan beyond saying somewhat vaguely that I agreed with Mr. Matsudaira that it was perhaps premature and that it would be very difficult to obtain adequate consideration for it while peoples' minds were fully occupied with the present abnormal and dangerous situation in Shanghai. Just before leaving Geneva on March 11th I received a further letter from Mr. Yoshida (original attached hereto)<sup>1</sup> explaining that he had not asked for an interview with Sir John Simon in Geneva, but that he contemplated coming to London<sup>2</sup> to discuss his plan with the Secretary of State.

J. T. PRATT

## ANNEX TO No. 84

*Record by Sir J. Pratt of a conversation with Mr. Yoshida*GENEVA, February 1932<sup>3</sup>

Mr. Yoshida, the Japanese Ambassador at Rome, came to see me this afternoon and explained that he had come to talk about future Anglo-Japanese co-operation in China.

He was not thinking of the immediate present but of the policy to be pursued after the present troubles had been got over. He had long been of opinion that these troubles and all the difficulties of recent years had their origin in one cause only—namely the disorganization of China and this could only be remedied if all the Powers presented a united front and insisted upon China putting her house in order. He felt that China's mentality was such that if they realised that the Powers were really united and determined, they would without difficulty yield to foreign guidance. He pointed out that the civil wars in China had largely been financed by the revenues

<sup>1</sup> Not printed.<sup>2</sup> No record of a visit to London at this time by M. Yoshida has been traced.<sup>3</sup> This date is incomplete on the filed copy.

of the customs and the salt gabell[e], and the first thing therefore was for the Powers to re-establish their control over these administrations which in recent years had been allowed to slip away. Once the Powers controlled these revenues, this would give them a lever for ensuring that no Chinese leader could remain in power unless he were prepared to act in accordance with the wishes of the Powers. It was of course essential that this control should be exercised in the best interests of China herself.

Mr. Yoshida contemplated that there might be set up in Shanghai a sort of permanent League Council, composed of the representatives of all the Powers principally interested, with the co-operation of the United States. Through the medium of this body, the League and the United States would work together for the regeneration and reorganization of China. He thought that the present banking consortium might be extended to include the consortium of all the Powers for financial and industrial operations in China. Before such a policy could be put into effect, it was essential that there should be agreement and co-operation between England, Japan and the United States. He quite realised that it would be very difficult to persuade Mr. Stimson to adopt such a policy, but he hoped that if he could persuade Great Britain to agree it might then be possible to bring the United States into line. He thought that it might be put to the United States that *China's failure to put her house in order was a breach of the Nine Power Treaty*,<sup>4</sup> and that the other Powers signatory to this Treaty would be fully justified in saying to China that they were determined that she should put her house in order as contemplated in that Treaty, and that they had decided to band themselves together for that purpose.

Mr. Yoshida explained that at present this was only his own private idea. He had arrived from Rome last night and had consulted Mr. Matsudaira and Mr. Sato. They both agreed in principle with his views but Mr. Matsudaira thought that it was premature to place them before Sir John Simon at the present moment. Mr. Yoshida had therefore decided that he would explain his ideas to me in the first place. He thought that if his ideas received a favourable reception in England, he would then proceed to the United States and endeavour to convert the United States Government to his view. After that he would return to Japan and endeavour to induce his Government to adopt the policy in earnest and take it up with the Governments of England and America in the first place, and the other Governments later.

I suggested to Mr. Yoshida that it would be best for him to commit his ideas to paper in a brief memorandum, which I could submit to the Secretary of State. Beyond the fact that H.M. Government would certainly

<sup>4</sup> The words here in italics were underlined on the filed copy, and a minute by Mr. Orde read: 'It is a far-fetched argument to say that China's failure to put her house in order is a breach of the Nine-Power treaty, and unless the argument is accepted there is no theoretical basis for M. Yoshida's ideas, which amount to a far-reaching interference (in defiance of the Nine-Power treaty!) with Chinese internal affairs. Further comment can perhaps be deferred till we know that M. Yoshida is really coming to discuss the matter with the Sec. of State.

C. W. ORDE 16/3'

welcome any means of co-operating with Japan, I could give no indication of what the Secretary of State's reaction would be to the particular proposals now put forward by Mr. Yoshida.

Mr. Yoshida said that he would send me a Memorandum. I propose to reserve any comment until this is received.<sup>5</sup>

J. T. PRATT

<sup>5</sup> See Sir J. Pratt's covering memorandum.

No. 85

*Letter from Sir M. Lampson (Shanghai) to Sir V. Wellesley  
(Received April 21)*

[F 3595/1/10]

SHANGHAI, March 14, 1932

My dear Victor,

I enclose for your information a Memorandum by the Military Attaché on the origin of the clash in Chapei.

Ever since January 28 we have been looking for a conclusive answer to the question; what were the real intentions of the Japanese Commander that night? As you know, the Japanese have maintained that they were merely carrying out the duty allotted to them in the scheme drawn up by the Defence Committee of securing the defence of their sector and that in doing so they were attacked by the Chinese while moving up to occupy the perimeter. On the other hand, in view of the fact that the state of emergency which caused the Defence Scheme to be brought into force was declared by the Municipal Council primarily on the ground of the Japanese Commander's threat to take drastic action, there is a presumption that the Japanese in advancing into contact with the Chinese troops acted deliberately with the intention of provoking a clash.

Unfortunately it has not been possible to obtain conclusive evidence either for or against this presumption. A very full and balanced account of the events of January 28-29 is given in Brennan's despatch No. 39 of February 7.<sup>1</sup> Since that was written the Consulate have obtained statements from a number of further witnesses. I also instructed Badham Thornhill to go into the question: and the enclosed paper contains his comments on Brennan's despatch and on the additional evidence obtained. It indicates that from the military point of view the evidence suggests an intention on the part of the Japanese to take offensive action. But it does not contain anything that one could point to as definite proof.

Personally I have little doubt as to what the Japanese intentions were. Before the clash took place we asked ourselves what the 'drastic action' was, which Admiral Shozawa [*sic*] proposed to take, if the Japanese demands were not accepted. Subsequent events make me fairly certain in my own mind that their idea was to occupy the North Station with a section of the

<sup>1</sup> Volume IX, No. 375, enclosure 1.

Shanghai-Nanking Railway and to hold it in pawn to enforce the cessation of the boycott. This, I am sure, was what they tried to do on the night of the 28th. Whether they would have extended their occupation to include a larger or smaller part of Chapei is a matter of pure speculation and is any way immaterial. As far as proof goes however, the question must, I fear, remain among the unsolved problems of history, like that of the origin of the similar clashes in Manchuria. The fact is that after the powder magazine has gone up it is extremely difficult to trace the match that set light to it.

In the circumstances no purpose would perhaps be served by my raising the question in an official report. I merely send you Badham Thornhill's paper, because the question has no doubt posed itself to you also, and you may be expecting to hear my views on the subject.

Yours ever,  
MILES W. LAMPSON

ENCLOSURE IN No. 85

*Memorandum by the Military Attaché for His Majesty's Minister relating to  
Mr. Brennan's Despatch No. 39<sup>1</sup>*

SHANGHAI, March 10, 1938

Japanese military action on night 28th [January]:— How far is it responsible for the present situation in Japan [? Shanghai].

The Despatch referred to gives a concise and detailed account of events beginning with the Japanese Consul General's 5 demands presented to the Mayor of Shanghai on February [January] 20th and ending with the clash in Chapei on the night of the 28th/29th.

No more is required as regards what actually happened; the point to determine is the idea the Japanese Admiral had in mind when he embarked on his adventure.

2. At a meeting of the Defence Committee held on the 27th the Commander of the Japanese Naval Landing Party requested the Shanghai Municipal Council to declare a state of emergency. This was agreed to at a further meeting held at noon on the 28th and a state of emergency was declared to come into force at 4 p.m. same date.

This move entailed the calling out of the volunteers and the occupation of their sectors by the various international forces responsible for the defence of the settlement. This did not necessarily imply that extra troops were required at once unless there was adequate ground for believing that the Chinese contemplated an attack in force on the settlement.

The Japanese may and apparently do claim that the Chinese in Chapei were contemplating an attack on the Hongkew salient but see last paragraph Mr. Fessenden's statement.<sup>2</sup> Here the Commissioner of Police expressly states that he had just returned from an official tour of Chapei

<sup>2</sup> Ibid., enclosure 2.

district, time about 10 p.m. and that everything was perfectly quiet and peaceful.

Nevertheless the Japanese Admiral landed reinforcements at about 10.30 p.m. and sent them up in lorries to the Hongkew salient. This fact alone indicates that the Admiral had more advanced ideas in his mind than ordinary defence.

3. Enclosure No. 8 in this despatch shows that the Japanese plan from the first envisaged the seizing of the North Railway Station. This point lies outside the defensive zone and entailed immediate offensive action on the part of the marines. The Japanese had everything to gain from a flank attack on the station, possession of which on night of 28th would probably have meant the immediate withdrawal of the Chinese from the south-eastern area of Chapei.

4. Police reports and the evidence of civilians living in the Chapei area proves [*sic*] that marines, number about 1500, were first formed up at the Naval Head-Quarters and addressed by an officer before moving off. All statements go to show that the sound of machine gun and rifle fire was not heard until some few minutes after the attacking party had entered Chapei which suggests that they must have proceeded some little distance before encountering opposition.

It seems fairly well established that the Chinese forces engaged [*sic*] the Japanese at the outset of the attack consisted solely of members of the Tax Police Corps from the North Railway station and Chapei policemen on street duty.

5. The fact is that although the Japanese demands had been fully accepted by the Chinese the Japanese Admiral continued his threats to take drastic measures constituting offensive action from a military point of view. Chinese have been and are still on the defensive: war has not yet been declared by either side.

6. A perusal of all the available evidence and reports leaves little doubt that the Japanese contemplated offensive action on the night of the 28th.

BADHAM-THORNHILL

*Col., M[ilitary] A[ttaché]*

#### No. 86

*Letter from Mr. Norman Davis to Sir J. Simon<sup>1</sup>*

*[F.O. 800/286]*

GENERAL DISARMAMENT CONFERENCE, GENEVA, *March 14, 1932*

My dear Sir John:

I had hoped to get to London for a few days during the vacation but Secretary Stimson has asked me to come home for consultation and I am sailing on the Bremen March 18th and I will not get back to Geneva until April 8th or 9th.

<sup>1</sup> Date of receipt not recorded in Foreign Office archives.

I wish to take this opportunity, however, of expressing to you the pleasure which it has been to work with you in our joint efforts to solve the perplexing Sino-Japanese problem. Largely on account of your ability and efforts I feel more hopeful about this matter than I have for some time. It does look to me now as if we were on the way to a final solution of the controversy.

Please convey my respects to Lady Simon and tell her that I think she contributed very much to the success of the dinner last Friday night<sup>2</sup> which you so wisely arranged.

Looking forward to seeing you upon my return and with warm personal regards, I am,

Very sincerely yours,  
NORMAN H. DAVIS

<sup>2</sup> March 11; cf. No. 67, last sentence.

### No. 87

*Mr. Patteson (Geneva) to Sir J. Simon (Received March 16, 9.30 a.m.)*

*No. 136 L.N. Telegraphic [F 2558/1/10]*

GENEVA, March 15, 1932, 11.25 p.m.

Following from Mr. Cadogan.

Shanghai telegrams Nos. 171, 174 and 177.<sup>1</sup>

It may be useful to amplify Geneva telegram No. 25 to Shanghai<sup>2</sup> as follows:—

Paragraph 3 of draft resolution as submitted to the Assembly Committee<sup>3</sup> spoke of arrangements 'to regulate the withdrawal of Japanese forces'. Japanese delegate wished [?] it to read 'regulate conditions and details concerning the withdrawal'. President pointed out that 'conditions' might imply political conditions which would change altogether the meaning of text. Japanese delegate said that what he had in mind was 'conditions such as maintenance of security or maintenance of that good order which would imply security and protection for lives and property of Japanese nationals'. President admitted that those who drew up text 'certainly thought conditions concerning security would naturally be provided for'. Swiss delegate then made an appeal to Japanese delegate not to insist on his amendment: 'what the resolution says is that principle of withdrawal can no longer be called in question'. In his opinion introduction of word 'conditions' would be 'calling in question the principle of withdrawal'. Czechoslovak delegate supported him. Japanese delegate then said 'After the interpretation that the President has given of the resolution, we are satisfied and we can accept text'.

When the resolution came before the Assembly itself, the Chinese delegate made reservations as given in Geneva telegram No. 25 to Shanghai, the

<sup>1</sup> Nos. 53, 61, and 61, note 2, respectively.

<sup>2</sup> No. 69.

<sup>3</sup> On March 4; cf. No. 16.

second being textually as follows: 'With understanding which has been so splendidly emphasized by the Swiss and Czechoslovak delegates that no condition should be imposed upon the withdrawal of troops occupying territory of an invaded country'.

It will be seen that Chinese delegate in speaking of conditions referred to the remarks of his Swiss and Czechoslovak colleagues. It seems clear from their speeches that what they had in mind was that no *political* conditions should be attached to the withdrawal and they never questioned the President's interpretation quoted above.

Word 'complete' does not occur in record of Chinese delegate's remarks.

If you approve please repeat to Shanghai.<sup>4</sup>

<sup>4</sup> This telegram was so repeated as Foreign Office telegram No. 39 to Shanghai on March 18.

### No. 88

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 15, 4 p.m.)*

*No. 187 Tour. Telegraphic: by wireless [F 2549/1/10]*

SHANGHAI, March 15, 1932

My telegram No. 180.<sup>1</sup>

*Confidential.*

At usual daily meeting with my colleagues on morning of March 14th I proposed that as it seemed useless to seek further agreement by exchange of correspondence between the two sides we should invite them to meet informally to see whether a formal meeting was not now possible. This was agreed and Shirakawa<sup>2</sup> and Kuo Tai-chi accepted my invitation to a 'tea party' with myself and my three colleagues the same afternoon.

2. The meeting which lasted over two hours was explicitly arranged to be informal and without commitment but as discussions developed along unexpectedly favourable lines we were able to suggest that we should endeavour to draw up an agenda of agreed principles for a formal meeting. Results are contained in my immediately following telegram.<sup>3</sup> We meet again 4 p.m. March 16th<sup>4</sup> after two principals have referred to their Governments in the hope of being able formally to adopt this agenda as basis for negotiations referred to in paragraph 3 of Assembly resolution of March 4th. Meanwhile all this should be treated as most confidential.

3. As regards point 1 of draft agenda the main difficulty arose over phrasing of the last four words.

4. As regards point 2 Japanese Minister explained from the outset that Japanese troops were willing to withdraw but that owing to large numbers

<sup>1</sup> No. 76.

<sup>2</sup> This should have read 'Shigemitsu', the Japanese Minister to China. General Shirakawa was the Japanese Commander-in-Chief at Shanghai.

<sup>3</sup> No. 98.

<sup>4</sup> The next meeting did not take place until March 19; see No. 114 below.

involved some would have to be quartered outside the Settlement. He referred vaguely to Kiangwan area and use of railway wharf;<sup>5</sup> it remains to be seen what this really means but Kuo Tai-chi did not raise serious objections. I imagine when it comes to details we shall encounter serious difficulty here.

5. Point 3 was accepted by both sides without much difficulty. I suggest [-ed] joint commission should *certify* and not *supervise* withdrawal. This was accepted and will, I hope, get us out of any question of ourselves policing evacuated area: but that still remains to be seen. Chinese side pressed for neutral *members* rather than *observers* and Japanese side did not object. The word 'mutual' is meant to refer to fact that Chinese have already withdrawn and does *not* mean any further withdrawal by Chinese side.

6. The first note, regarding no other questions being raised, was accepted by Japanese Minister subject to understanding referred to in separate footnote.

7. The separate footnote was the subject of prolonged wrangle. Japanese Minister at an early stage of the discussions insisted that re-affirmation by Chinese of the Mayor's letter of January 28th (regarding suppression of anti-Japanese movement etc.)<sup>6</sup> was a fundamental point. Chinese representative, while expressing his personal belief that his Government would be willing to re-affirm the letter, maintained that this question was outside the scope of the negotiations referred to in the Assembly Resolution of March 4th and must be taken up later. I supported this interpretation of the Resolution but the Japanese Minister could not be moved from his standpoint; and I eventually suggested as compromise an independent 'outside and conditional' understanding or gentleman's agreement on the lines of 'separate footnote' which was accepted by both sides . . .<sup>7</sup> to their Governments but only after infinite argument by Japanese Minister. Kuo Tai-chi made it quite plain that the point was outside his competence and that he could not deal with it without instructions of his Government but he agreed to recommend the formula to them as a separate and independent understanding to be adopted with a view to facilitating negotiations if and when rest of arrangements for withdrawal went through and conditional thereon. Shirakawa [Shigemitsu] while insisting that the point was fundamental, appeared to accept the proposal. But we shall undoubtedly have further trouble over the Chinese.

Repeated to Peking, Mission, and Tokyo.

<sup>5</sup> In a later account of this meeting, in Sir M. Lampson's despatch No. 61 T(our) S(eries) of March 22 (received May 23, not printed), the corresponding passage read: 'to Kiangwan and the Woosung railway wharves.'

<sup>6</sup> Cf. Volume IX, Nos. 147-8.

<sup>7</sup> The text is here uncertain. The words 'subject to reference' should probably be included.



*Sir E. Ovey (Moscow) to Sir J. Simon (Received March 18)*

*No. 123 [F 2649/1/10]*

*Confidential*

MOSCOW, March 15, 1932

Sir,

With reference to my telegram No. 30<sup>1</sup> of the 26th February, I have the honour to report that, according to the best available information, the Soviet Government would appear still to be despatching troops and war material to the Far East. Numbers of aeroplanes have been recently seen in a dismantled condition being withdrawn from the military aerodrome just outside Moscow, and the presumption that these are for use in the Far East would appear to be confirmed by the report that some seven transports left the Black Sea for the Far East a few days ago with war material and aircraft.

2. I also learn that a mission of 40 Soviet engineers, including G. L. Piatakov, of the Commissariat of Heavy Industry, and the Head of the Motorisation Department of the Red Army (name unknown), have just left for Italy for the purpose of purchasing war material. It is understood that the members of the party went through the procedure of applying separately for visas at the Polish Embassy, but were granted one single visa for the whole party at the Italian Embassy. In the view of the Polish Military Attaché, the Soviet Union have some kind of standing agreement with the Italian Government for the supply of war material.

3. From the political point of view there seems to be little change. The strong article published in the 'Izvestiya' of the 4th March (see my despatch No. 107<sup>2</sup> of the 4th March) and reprinted by Government order in every journal of the republic, bears the stamp of an official warning to the Japanese not to go too far. M. Litvinov's flying visit to Russia from Geneva<sup>3</sup> coincided with this publication and it is believed that he was recalled to Moscow specially to discuss with Stalin<sup>4</sup> the best means of handling the situation. Reference to the enclosure in my despatch No. 100<sup>5</sup> of the 29th February

<sup>1</sup> See Volume IX, No. 593, note 1.

<sup>2</sup> Not printed. The article ended: 'The Soviet Government has adopted, and will continue to adopt, a firm policy of peace and a policy of non-intervention in events now taking place in China. But this in no sense means that the Soviet Union will allow anyone whatever to violate the integrity of Soviet frontiers, to cross her borders or seize even the smallest morsel of Soviet soil. We do not desire one span of foreign soil. But of our own soil not one inch will we yield to anyone.'

<sup>3</sup> The Soviet Commissar for Foreign Affairs was attending the Disarmament Conference at Geneva.

<sup>4</sup> General Secretary of the Central Committee of the Communist party of the U.S.S.R.

<sup>5</sup> Not printed: this enclosure gave the substance (as printed in *Izvestiya*) of a conversation on February 27 between M. Karakhan, Soviet Vice-Commissar for Foreign Affairs, and M. Hirota, Japanese Ambassador at Moscow. For this conversation, see *Soviet Documents on Foreign Policy*, selected and edited by Jane Degras, vol. ii (London, 1952), pp. 524-6; cf. Volume IX, No. 631.

will show that further answers to Russian enquiries have been promised by the Japanese Government, but no further communiqués relating to conversations between the Japanese Ambassador and M. Karakhan have been published since that time.

I have, &c.,  
ESMOND OVEY<sup>6</sup>

<sup>6</sup> Copies of this despatch were sent to Peking, Tokyo, and Rome on April 5 in Foreign Office despatches Nos. 320, 247, and 330 respectively.

No. 90

*Mr. Brennan (Shanghai) to Sir J. Simon (Received April 5)*

*No. 96 [F 3132/1/10]\**

SHANGHAI, March 15, 1932

His Majesty's consul-general at Shanghai presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit to him copy of his despatch No. 137 to His Majesty's Minister, Peking, dated the 15th March, respecting developments in the local Sino-Japanese situation since the 4th March.

ENCLOSURE IN No. 90

*Mr. Brennan to Sir M. Lampson*

*No. 137*

SHANGHAI, March 15, 1932

Sir,

I have the honour to refer to my despatch No. 103<sup>1</sup> of the 4th March, on the subject of the local Sino-Japanese situation.

2. With the issue of the 'cease fire' orders by the Japanese and Chinese commanders on the 4th March, major hostilities came to an end, and although reports were subsequently received regarding attacks made by one side or the other, it appeared, on investigation, that these were merely skirmishes and minor engagements such as are only to be expected when troops are taking up a new and not yet clearly-defined front.

3. On the 8th March General Shirakawa issued a statement indicating the line up to which the Japanese troops would patrol as necessary, and outside of which, therefore, Chinese troops must keep if they desired to avoid a conflict. This line is as follows: Lopankao on the Yangtze-Fochiaochen-Yuehwangshih-Waikangchen-Antingchen-Paihaochiang and then eastwards to the International Settlement along the Soochow Creek line. (A copy of this statement is attached (enclosure 1).)<sup>1</sup>

4. The Japanese forces were then some distance to the rear of this line,

<sup>1</sup> Not printed.

occupying positions along the line Liuho-Latung (1 mile west of Kiating)-Huangtu and then bending eastward covering Chenju till the Soochow Creek was reached. This front was held by the 9th and 11th Divisions, while Woosung was occupied by the 24th Mixed Brigade and Chapei and the Japanese sector of the settlement by the naval landing force.

5. Part of the long-expected 14th Division disembarked at the railway wharf at Woosung on the 7th March and the remainder on subsequent days. This division was immediately put in the line to relieve the 9th Division, which was then placed in reserve.

6. Of the Chinese forces it is more difficult to speak. The XIXth Route Army Headquarters are at Quinsan (Kunchan) and the army itself seems to be distributed on a line running north and south somewhat in advance of that town, with a few units of the 47th Division on its left flank. There are scattered units along the Shanghai-Hangchow railway between Sunkiang and Hangchow, and the 19th Division is known to be somewhere in the neighbourhood of the latter town. There are also small parties of the 88th Division in the Siccawei and Wungjao districts west of Shanghai.

7. The Japanese have been constantly apprehensive of a Chinese advance up the Hangchow railway, which they are keeping under observation by occasional aerial reconnaissance. The Chinese, on their side, are equally apprehensive of a Japanese attack on Nantao and Lungwha, possibly regarding the aerial reconnaissances as the prelude to an advance. The nervousness of the Chinese is shown by the repeated cutting of the railway line. Not once, but many times, the South Railway Station has been evacuated, the telegraphic instruments removed and the line cut in response to some supposed threat from the Japanese, only to be restored a few hours later when the fear was found to be baseless.

8. The evacuation of the Kiangwan and Lungwha arsenals, which was commenced on the 2nd March (see my despatch under reference), has continued, train after train of machinery being sent down to Hangchow.

9. Shanghai, ten days after the cessation of hostilities, presents a curious aspect. The current of life is very slow to resume its normal course, even in the sheltered portions of the settlement, while in the war-ravaged sections of Chapei and Paoshan it is completely at a standstill. It is now possible to move freely along the municipal roads in the Hongkew salient, but in order to go into Chapei or Paoshan, or even to Kiangwan, it is necessary to obtain a pass from the Japanese naval authorities. A walk along the North Szechuan Road from Soochow Creek to Hongkew Park, a distance of  $1\frac{1}{2}$  miles, shows that not a single shop has yet reopened. They are closely shuttered or boarded up and for the most part absolutely deserted. As soon after the close of hostilities as it was possible for Chinese to enter the evacuated areas, there was a rush of residents to those areas, but only for the purpose of collecting their belongings and moving elsewhere. Those who have returned to their homes to live there are in a very small minority.

10. Of the Chapei-Paoshan district the whole of the eastern portion is in ruins with hardly a habitable house left standing. The contents of the houses

are, for the most part, completely buried under the débris, in which the unfortunate owners scabble about salvaging such odds and ends as the flames have not destroyed. The Chinese Benevolent Associations have been allowed to search the area for dead bodies, but in a casual walk among the ruins two days ago, one of my staff saw over twenty corpses and other human fragments, and there must be many more hidden in the débris. Fortunately, from the health point of view, the numerous conflagrations which occurred in this region have swept it fairly clear of potential pestilence.

11. The other sections of this area are less severely damaged, but have suffered from looting. Most of it appears to have been done before the Japanese entered into occupation, but our own experience where premises have been in the occupation of the Japanese forces does not enable me to speak with any confidence on this point. Serious efforts are, at any rate, being made by the Japanese to prevent looting by others than themselves, and the whole of the Chapei-Paoshan district is out of bounds to all who are not in possession of passes issued by the naval authorities.

12. The Japanese have made some attempt to clear up abandoned war material, and to remove barbed wire entanglements and open up the main avenues of communication, but to do more than that seems to be beyond their resources, and there is little doubt that they would gladly reach some *modus vivendi* which would enable them to turn over the control of this area to the Chinese civil authorities, if it could be done without prejudice to their own projects for an eventual general settlement of the Shanghai question.

13. The Mayor of Greater Shanghai is awake to the advantages of re-asserting the authority of the Chinese Municipality in the occupied areas as soon as possible, as a foil to any designs the Japanese may have on the areas in question. On the 8th March he wrote to the Japanese consul-general stating that it had become urgently necessary for the various municipal services, such as policing, sanitation and public utilities, to be resumed, and that the City Government had decided to issue orders to the various departments to this effect. He requested that, in order to prevent misunderstanding, the Japanese military authorities be informed in this sense. This letter, a translation of which is attached<sup>2</sup> has up to the present remained without a reply. At the same time the mayor, by separate letters to myself and my colleagues,<sup>3</sup> informed us of the action he had taken.

14. As far as the International Settlement is concerned, the resumption of the sanitary services in certain districts adjoining the settlement is of the most pressing importance. These places are not, as might have been supposed, those which have suffered most from the hostilities, but rather those which were not evacuated by the native population, and where, accordingly, ordure and house refuse have been accumulating since the beginning of the trouble. On the 8th March the chairman of the Municipal Council wrote to the Mayor of Greater Shanghai calling his attention to the menace to the health of the International Settlement arising from the derelict and insanitary

<sup>2</sup> Not here printed; see *F.R.U.S.* 1932, vol. iii, p. 539.

<sup>3</sup> See *ibid.* for the Mayor's letter to the U.S. Consul General.

condition of those portions of Chapei immediately contiguous to the settlement, and saying that the council would welcome the immediate initiation by the mayor of sanitary work there and would gladly co-operate in any way possible.

15. On the 11th March the matter was considered by the consular body at a meeting which was attended by the secretary-general of the council, Mr. Fessenden.<sup>4</sup> The latter stated that the chairman of the council had called on the mayor and explained to him that, unless the Chinese were prepared to undertake the work themselves, the council desired to do so, and that the mayor had agreed in principle to the work being done by the council as a temporary measure, but wished that the arrangements should be made in consultation with the Chinese Commissioner of Health. The entire cost was to be borne by the Municipal Council.

16. My Japanese colleague said that his authorities offered no objection to the proposed arrangements, and he only asked that he should be informed in advance when and where the work would be put in hand for the information of the Japanese military authorities. On the understanding that the council's proposal was accepted by both Chinese and Japanese authorities, the consular body endorsed it with their hearty approval, and arrangements were accordingly made in conjunction with the Chinese Commissioner of Health for the work to start on the 13th March. It was agreed that the work should be undertaken by the employees of the Municipal Council of the International Settlement, but that the Chinese Bureau of Public Health should depute a representative to give the appearance of active co-operation.

17. I have referred to this matter in some detail, as it throws an interesting light on the attitude of the various parties concerned, and shows that the Municipal Council is doing its utmost to avoid the charge of taking advantage of the difficulties of the Chinese Administration for its own ends. A copy of the letter from the chairman of the council to the Mayor of Greater Shanghai, dated the 8th March, is enclosed.<sup>5</sup>

18. I should like to mention, in passing, as further evidence of the same spirit, that the Chinese police attached to the Bureau of Public Safety functioning on municipal roads inside the defences on the western sector have not been interfered with by the municipal authorities, nor has any attempt been made to break the gentleman's agreement with the City Government with regard to new construction on these roads, except in so far as such has been rendered absolutely necessary for defence purposes. The Public Works Department of the Municipal Council still applies to the City Government for permits to repair roads, such as the Yu Yuan Road, which are inside the British defence line.

19. I mentioned in paragraph 9 above that the current of life is slow to resume its normal course, even in the sheltered portions of the settlement. This is due almost as much to deliberate purpose as it is to *force majeure*. On the 29th January all the Chinese banks, business houses and retail shops closed their doors as a mark of indignation at the Japanese action. The

<sup>4</sup> Cf. *ibid.*, pp. 565-6.

<sup>5</sup> Not here printed; see *ibid.*, p. 540.

closure of the banks created a difficult financial situation, one phase being an acute shortage of silver dollars, the bulk of which are held by the Chinese banks as reserves against their note issues and other commitments.

20. The position in this respect became somewhat easier when the banks reopened on the 4th February, but a fresh difficulty arose from the refusal of the native banks to honour native orders drawn on them, except to members of their own group. Practically all financial transactions between Chinese and foreign merchants involving the payment of money to the foreign interests are liquidated by means of native bank orders or cheques, and very few Chinese merchants have any other means of liquidating their accounts. The action of the native banks, therefore, has brought business more or less to a standstill, for obviously the foreign exchange banks will not accept inconvertible bank orders. The result has been an almost complete cessation of outport shipments and a growing accumulation of stocks in godowns, involving extra charges for storage, insurance, &c.

21. The attitude of the native banks is hard to explain, but is believed to be due partly to the fact that no settlement of accounts took place at China New Year<sup>6</sup> (the annual settlement was subsequently postponed till the end of May) and partly to the fact that their funds are involved to the extent of 80 or 90 million taels in the financing of Japanese piece-goods immobilised by the activities of the anti-Japanese associations. The native banks are, of course, also hard hit by the collapse of the Chinese bond market. A few native orders are now being cashed, but little movement of cargo is reported, and trade generally is stagnant.

22. With regard to the retail trade, the Chinese merchants, having closed their doors, then passed a resolution that they would not reopen until all the Japanese forces had been withdrawn from the Shanghai area. At the urgent recommendation of General Tsai Ting-kai, the chamber of commerce decreed, on the 29th February, that all business houses and shops in the 'safety zone' should be reopened with a view to minimising the loss to the community. This, however, was immediately countered by the street unions, which reaffirmed the original decision that there should be no general resumption of business until the withdrawal of the Japanese forces. The consequence is that, while a few shops—mostly foodshops and restaurants—are wide open, the great majority are still, after six weeks, either completely closed or are doing business behind shutters.

23. The action of the Japanese in bringing Shanghai within the sphere of hostilities has had many unfortunate consequences for the Municipal Council, and not the least of these is the very difficult financial situation in which it has been placed. Any attempt by the Municipal Council to raise the municipal rates is invariably met with strenuous opposition from the Chinese community. Already, before the present trouble broke out, the council were anticipating difficulty in balancing the budget, and were putting out propaganda intended to create an atmosphere favourable to an increase in the rates. But with conditions as they are, with rateable property in some cases

<sup>6</sup> February 6.

destroyed and in other cases evacuated for long periods, the council not only cannot hope to increase the rate, but they are being met with demands, almost impossible to resist, for rebates and reductions on the existing taxes, while at the same time they are faced with a budget inflated by the expenses incidental to the mobilisation of the volunteers and police reserves, and the execution of defence measures.

24. To crown all, the 'Tangpu'<sup>7</sup>—finished mischief-makers that they are—have been inciting the Chinese residents in the settlement to refuse payment of any taxes at all, on the ground that the council have failed to uphold the neutrality of the settlement, and have allowed the Japanese to commit every kind of outrage and crime.

25. To meet the emergency the council have decided to balance the budget on the basis of the existing municipal rate, by cutting down capital expenditure and by transferring from the ordinary to the extraordinary budget everything which could reasonably be regarded as emergency expenditure. This will necessarily involve the flotation of a loan, but as it is desirable to avoid this under the existing unfavourable conditions, it is foreseen that the help of the banks may be required to carry the council over until the flotation of a loan becomes more opportune.

26. I regard this financial question as one of the most serious with which the council are faced, as it goes to the root of the settlement administration. Even when normal conditions return the Chinese are likely to oppose a stubborn resistance to any attempt to increase the rates to meet expenditure for which, in the Chinese view, the Japanese should be held wholly responsible. There are some indications, too, that attempts will be made to force the council to pay compensation for damage suffered by residents of the settlement as a result of the hostilities. However unreasonable this may seem to others, the claim is one which, if it receives any measure of support from the street unions, is likely to cause the council considerable embarrassment.

I have, &c.,

J. F. BRENNAN

<sup>7</sup> Local offices of the Kuomintang party.

## No. 91

*Record of a meeting at Shanghai on March 15, 1932<sup>1</sup>*

[F 3689/1/10]

*Confidential*

SHANGHAI, March 15, 1932

### *Daily Meeting with Colleagues*

PRESENT: H.M. Minister

The American Minister

The French Minister

The Italian Chargé d'Affaires

<sup>1</sup> A copy of this record was received in the Foreign Office on April 25 under Shanghai formal covering despatch No. 29 T.S. of March 16.

Mr. Teichman

Lord Lytton (Chairman of the League of Nations Commission of Enquiry)<sup>2</sup>

Mr. Astor (Secretary attached to League of Nations Commission of Enquiry)

Lord Lytton, arriving to call on Sir Miles Lampson as the Colleagues were assembling, was invited to join the meeting.

Lord Lytton said that while in Japan the Commission had been asked by the Japanese Government to do what they could to assist in promoting a cessation of hostilities at Shanghai. Since their arrival, the Chinese had said the same. He did not know whether they could in fact do anything. The last thing they wanted to do was to interfere unless invited to do so.

Sir Miles Lampson said he would explain what had passed and the position now reached, and he proceeded to review briefly the history of the various attempts at mediation since February 12, leading up to the Assembly resolution of March 4 and the attempts now being made to promote negotiations on that basis which had finally resulted in the informal meeting of the day before and the draft agenda<sup>3</sup> of agreed principles which, it was hoped, would be formally adopted at a further meeting to be held the next day, March 16, at 4 p.m. It was to be feared, however, that they would be met with further difficulties at that meeting. That was the position now. It was hoped, if the agenda was formally adopted, that the next stage would be to get in the military experts on both sides to go into the military details.

In the course of the ensuing discussion M. Wilden said he had tried to draw Mr. Shigemitsu further over what the Japanese were really after, with special reference to the policing of the area, but without success.

Lord Lytton said that there seemed to be nothing the Commission could do, as the affair was in good train. He proceeded to inform the meeting of what had passed between himself and the Minister for Foreign Affairs at Tokyo. He had tried to find out what the Japanese conditions for withdrawal were. The Minister for Foreign Affairs was at first sticky about what he had in mind, but at last it became clear that the Japanese wanted, if they withdrew, something to take their place, and prevent the Chinese Army advancing. He, Lord Lytton, had suggested a line of neutral observers, to ensure that the Chinese Army did not advance. Then, arguing, as he had done, the Chinese case, he had suggested, there would be no reason why the Japanese forces should not be withdrawn to the Settlement and sent home. Why did they want so many troops, even in the Settlement? Mr. Yoshizawa had explained that it was to protect Japanese life and property, and that some of the troops would have to remain outside the Settlement. Eventually, however, Mr. Yoshizawa had admitted that the ultimate objective should be the restoration of the *status quo ante*. He, Lord Lytton, was now interested

<sup>2</sup> The League of Nations Commission of Inquiry visited Shanghai from March 14 to 26, 1932. For its report on events in Shanghai, see the Lytton Report, chapter v.

<sup>3</sup> See Nos. 88 and 98.



to learn that the Chinese had apparently agreed to some of the Japanese troops being outside the Settlement. That was all to the good. The impression received at Tokyo was that the main Japanese object was to stop the advance of the Chinese Army. Since arriving in Shanghai the previous night he, Lord Lytton, had learned something of the Chinese attitude, i.e. that all they wanted was a cessation of hostilities and the withdrawal of the Japanese troops and that they refused to discuss any political conditions. They, the Chinese, insisted that, apart from the truce and withdrawal of troops, the Shanghai question of itself had no other aspects and could only be otherwise discussed as part of the general question, including Manchuria. The Commission had been appointed to deal primarily with the Manchurian Situation, which was the main issue at the time of their appointment, and they had not been charged with any special mission at Shanghai, where the trouble had occurred after their appointment. The Chinese maintained that the Shanghai issue, apart from truce and withdrawal, could only be dealt with as a part of the comprehensive whole. But the Commission had been appointed to deal with the comprehensive whole. There could not be two bodies, one in Manchuria and one in Shanghai, dealing with the same comprehensive whole. Nor could they, the Commission, go and bury themselves in Manchuria and leave the Shanghai trouble unsettled behind them. They could therefore not go to Manchuria until the Shanghai trouble was at least in a fair way towards a settlement.

Sir Miles Lampson explained how both sides wanted to use the proposed Shanghai Conference for their own ends and how their respective attitudes towards it were completely divergent; the Japanese sought a local settlement, demilitarisation, extension of foreign rights and privileges, safeguards against boycott and so on; while the Chinese would not go into any conference without first agreeing to its agenda, would not discuss Settlement extension and such questions, and would probably insist on dragging in Manchuria.

Lord Lytton said that he gathered that the Shanghai Conference was likely to be still hanging in air by Christmas.

The Colleagues entirely concurred. Sir Miles Lampson added that the idea of a conference at Shanghai in the prevailing atmosphere, with the feelings of all concerned wrought up, filled him with horror, a view which was endorsed by the Colleagues.

Lord Lytton explained how the attitude of the Japanese at Tokyo had changed for the better, during the Commission's visit, when they, the Japanese, had been brought to realise that the Commission had not come to sit in judgment upon them, but, as friends of both sides, to seek impartially to promote a solution. In the end they, the Japanese, had seemed much more agreeable to leaving their case in the hands of the Commission. He hoped the Chinese would meet and accept the Commission in the same spirit.

Lord Lytton added that the Commission were particularly anxious not to 'barge in' or do anything except what they were invited to do. But they would like to know as soon as possible what, if anything, they could do to help. They were being bothered all the time by the press. All they proposed

to say at present was that they would not go on to Manchuria until a settlement at Shanghai was in sight.

Sir Miles Lampson suggested that they should see what the prospects were after the meeting the next day and then decide how the Commission could best help. The Colleagues agreed.

Lord Lytton said that if the Commission were to take part in the local negotiations, apart from the Chinese Government, it might be necessary to get the formal consent of the Japanese Government from Tokyo; they, the Commission, might also have to get authority from Geneva. In reply to Sir Miles Lampson's enquiry, Lord Lytton said that the members of the Commission were able to work individually, and he had done so on several occasions for them in Tokyo. It was not necessary for them to operate in a body all the time.

Lord Lytton and Mr. Astor then left the meeting.

Sir Miles Lampson, on Lord Lytton's departure, said that the thought had passed through his mind that they might with great advantage ask Lord Lytton, as Chairman of the Commission and representing his Colleagues, to attend their meetings with the Chinese and Japanese representatives; they could hardly have all the members of the Commission in—that would make their numbers altogether too unwieldy. Mr. Johnson and M. Wilden warmly supported this suggestion. M. Ciano, however, expressed the view that it would not meet with the approval of the Italian member of the Commission.<sup>4</sup>

Joint Situation Report Number 7 was considered and adopted.

E. T.

15/3/32

<sup>4</sup> The following is an extract from the Daily Meeting held the next day, March 16: 'Sir M. Lampson referred to the suggestion made at their last discussion that Lord Lytton as Chairman of the League Commission should participate in the Conferences with the Chinese and Japanese representatives. When he, Sir M. Lampson, had mentioned this suggestion to Mr. Shigemitsu the latter had not been at all receptive. Lord Lytton on hearing of this, had remarked that Mr. Shigemitsu appeared to have misunderstood the situation as the Japanese M.F.A. at Tokyo had actually begged that the Commission would lend their offices in discussing Peace terms. However, he, Sir M. Lampson, had said that the matter would now be left in abeyance. Mr. Johnson concurred, and said that he thought that it would be better to have the League Commission in reserve for use as a last resource. He added that General McCoy's [U.S. member of the Lytton Commission] theory was that it was better to leave them out; they had their own job; they might be of greater assistance sitting outside as a last Court of Appeal; moreover under the Resolution of March 11, the League had set up a new Committee for dealing with the Shanghai matter; in any case, General McCoy had added, the commission would have to get authority from Geneva before they could do anything.'

No. 92

*Letter from Sir J. Simon to Mr. Stimson*

[F.O. 800/286]

*Personal*

FOREIGN OFFICE, March 15, 1932

My dear Secretary of State,

Please accept my best thanks for your letter of March 12th,<sup>1</sup> which was duly communicated to me by Mr. Atherton on my return from Geneva. I am happy to think that you attribute the same importance as I do to the necessity of harmonious collaboration between the signatories of the Kellogg Pact and the members of the League of Nations. Moreover, like you, I am convinced that it is only by close co-operation that our Governments can serve the cause of international peace and you may rely on me to continue to do all in my power to further this constructive policy. You know how deeply I value every opportunity of close contact between us.

Believe me, my dear Secretary of State,

Yours very sincerely,  
JOHN SIMON

<sup>1</sup> No. 71.

No. 93

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 15, 4.40 p.m.)*

*No. 182 Tour. Telegraphic: by wireless [F 2547/1/10]*

*Confidential*

SHANGHAI, March 16,<sup>1</sup> 1932, 12.3 a.m.

I hear Portuguese and Netherlands Ministers have received instructions from their Governments to proceed to Shanghai in accordance with League resolutions apparently with the object of collaborating with other representatives concerned regarding the Administration and policing of a neutral zone. Belgian Chargé d'Affaires now in Nanking equally appears to wish to collaborate so far as absence of any Belgian naval or military forces in the Far East may permit.

2. I and my American, French and Italian colleagues have been and are consistently and closely working together and it may well prove embarrassing and clog our usefulness if we have to enlarge our body which already represents the four principal interested Powers. Moreover the Chinese will very possibly be alarmed if they find themselves dealing with . . .<sup>2</sup> of so many Powers. I shall try therefore so far as can be done without hurting feelings to limit first discussions to four representatives who have already been working daily together as representing body of neutral authorities referred to in paragraph 3 of Assembly Resolution of March 4th.<sup>3</sup>

<sup>1</sup> This telegram was drafted on March 14.

<sup>2</sup> The text is here uncertain. Another text of the telegram reads: 'with a concentration of'.

<sup>3</sup> For this Resolution, see *L/N.O.J.*, *S.S. No. 101*, pp. 41-44; cf. No. 16.

3. Presumably arrival here of representatives of minor Powers arises from the wording of the last sentence of paragraph 2 of Resolution of March 4th<sup>4</sup> namely 'Notes that the Powers, members of the League, having special interests in Shanghai settlements are prepared to give every assistance to this end and requests th[os]e Powers if necessary to co-operate in maintaining order in evacuated zone'.

4. No one knows here just what the Assembly had in mind but it is perhaps not fully realized at home that it would have been improbable (but for the wording of the Resolution) that there would be further questions of neutral policing of evacuated zone; and I hope I am correct in feeling we do not want to encourage a resuscitation of any such idea with all its attendant difficulties and inherent complications; that phase is, let us hope, in all our interests, past. Meanwhile the Chinese have given us confidential indications that they are considering the idea of some form of special Chinese gendamerie [*sic*] possibly even with foreign officers. But this they are at the moment holding in reserve.

Repeated to Peking, Mission and Tokyo.

<sup>4</sup> This date was corrected on the filed copy to 'March 11th'. For this Resolution, see *ibid.*, pp. 87-88; cf. No. 67.

#### No. 94

*Mr. Patteson (Geneva) to Sir J. Simon (Received March 17, 9.30 a.m.)*  
*No. 141 L.N. Telegraphic [F 2604/1/10]*

GENEVA, March 16, 1932, 10.10 p.m.

Following from Mr. Cadogan:—

Assembly Committee for Far Eastern question met in private this afternoon. President said that he had been authorised by Japanese delegate to announce that negotiations on truce had begun at Shanghai between parties and that a provisional agreement had been reached nature of which was at present secret. British delegate said that he had received news to confirm this and that he understood that another meeting had been arranged for today.

President suggested there should be public meeting of Committee tomorrow afternoon to which parties would be invited when he hoped it might be arranged that they would confirm news given to him by Japanese delegate. He would consult them meanwhile and obtain their consent to this course if they agreed, meeting tomorrow might afford an opportunity for Committee to express its desire for a successful termination of negotiations.

He thought Committee might then adjourn for the Easter recess leaving him discretion to call it together if circumstances seemed to require it.

No. 95

*Mr. Holman (Peking) to Sir J. Simon (Received March 16, 4 p.m.)*  
*No. 162 Telegraphic [F 2636/1/10]*

PEKING, March 16, 1932<sup>1</sup>

Following received from Commander-in-Chief, No. 13, March 10th.  
Begins—

Addressed to British Minister, repeated to Nanking, Hankow, Peking  
No. 13, Rear Admiral, Yangtse, No. 766.

Telegram No. 1 from Nanking to Hankow.<sup>2</sup>

I spoke to Admiral Abo and Admiral Nomura this morning March 10th on this matter and they both begged me to inform Chinese authorities that nothing could be further from their thoughts. They desire above all things to avoid trouble at Hankow and strict orders have been given that incidents are to be avoided at all costs. They were undoubtedly sincere in their denial. I gathered that Admiral Shiozawa has learnt his lesson. He was most anxious to leave before Admiral Abo arrived but was retained for investigation to be held into his actions.

Ends.

<sup>1</sup> The time of despatch is not recorded.

<sup>2</sup> See No. 83, note 1.

No. 96

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 16, 6.15 p.m.)*  
*No. 183 Tour. Telegraphic [Confidential/Telegrams/53/239]*

SHANGHAI, March 16, 1932<sup>1</sup>

Your telegram No. 34.<sup>2</sup>

United States instalment was paid on 11th March; Italian instalment had already been paid.

2. I learn from Italian Chargé d'Affaires that his Government, who have been negotiating return of their indemnity, have, as a result of present request concerning postponement, now proposed the following arrangement: Instalments due during the coming year shall continue to be paid, but, instead of being handed over to Sino-Italian Committee which it is proposed to set up eventually to administer funds, shall be placed at the disposal of Chinese Government for purchase of goods in Italy.

3. This is long way from postponement proposed by the Chinese. Circumstances of Italians' case are, however, different from ours, since I understand that they have not yet remitted their share of indemnity, and their proposal constitutes a concession from their point of view. Perhaps, therefore, our decision should be taken irrespective of Italian attitude. My own inclination is to suggest that I should be authorised to agree to postponement on the

<sup>1</sup> The time of despatch is not recorded.

<sup>2</sup> No. 36.

same terms as United States Minister (see my telegram No. 152).<sup>3</sup> We cannot well make too much of the point that objects to which funds are devoted should not suffer, since (? proposed) educational endowment has at present only a very theoretical existence. But I might require written assurance to this effect, if you think it desirable, in order not to make a precedent of too ready acquiescence.

(Repeated to Peking and mission.)

<sup>3</sup> See No. 36, note 2.

## No. 97

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 16, 9.30 p.m.)*  
*No. 184 Tour. Telegraphic: by wireless [F 2629/1/10]*

*Confidential*

SHANGHAI, March 16, 1932

Following is Military Attaché's appreciation of the situation.<sup>1</sup>

Japanese have attained the object set out in General Uyeda's ultimatum.<sup>2</sup> Chinese are now everywhere well outside the 20 kilometre zone.

Japanese got distinct fright when they found an ill armed Chinese army, mostly youths, standing up to them for a period that might have been prolonged had Cantonese carried out reliefs as other people would have done in similar circumstances.

2. Chinese have now retreated but their morale is still considered high by liaison officers who have mixed a good deal with Chinese armies. The higher Japanese officer now realizes that to penetrate further with the idea of eventually bringing China to her knees is far beyond the scope of any mandate the army can ever hope to get from Tokyo.

3. Spies reports are not reassuring. They are insistent that Chinese intend to return to onslaught; Japanese are not afraid, but would like to shorten their line and lessen the possibility of further commitments. Their left flank is by no means secure as is proved by continual air reconnaissances and patrolling south of Soochow Creek.

4. Labour behind present line, repair of roads and setting up of temporary buildings indicate that Japanese have in mind withdrawal to general line Woosung-Kiangwan-north west corner of Settlement.

Holding this line personnel and armament of the navy can play useful role of always being at hand in an emergency.

5. Strip of territory east of this line may be styled whatever the phrase makers like; but her idea is, that in all but name, it is to be an area under Japanese domination. Army have no intention of withdrawing to line which gives them nothing to show for their 3,000 casualties.

<sup>1</sup> In his despatch to the Foreign Office No. 61 T.S. of March 22 (not printed, cf. No. 88, note 5) Sir M. Lampson stated that this appreciation was in his opinion 'not very wide of the mark'.

<sup>2</sup> Cf. Volume IX, No. 536, paragraphs 28-30, and note 15.

6. Opposed to all this Chinese have withdrawn in good order but every indication is that while preparing to resist further advance on the part of Japanese, they are not at all keen to attempt a 'come back'. They lack every weapon necessary to support an attack and reinforcements still show no signs of coming forward to take part in the fray.

China's policy remains one of inactivity. She will again resist if attacked but knows too much to come out and try conclusions with an enemy who has already turned her out of entrenched positions.

7. Military situation is therefore stale-mate.

Japan has no desire to commit herself further. Japan is in possession but cards are against her if Chinese refuse to play. She has not lost hope however that Chinese anxiety to get her off direct route to Nanking will result in a settlement which will leave her the strip of land she originally set out to obtain.

Repeated to Peking and Tokyo.

#### No. 98

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 16, 6.15 p.m.)*

*No. 188 Tour. Telegraphic: by wireless [F 2587/1/10]*

SHANGHAI, March 16, 1932

Draft agreement for the meeting.<sup>1</sup>

1. Chinese troops to remain in their present positions pending a later settlement.

2. Japanese troops to withdraw to International Settlement and extra-settlement roads in Hongkew district as before the incident of January 28th. It is however understood that in view of the numbers of Japanese troops to be accommodated some will have to be temporarily stationed in localities adjacent to the above mentioned areas.

3. A joint commission with neutral members to certify mutual withdrawal.

Note. It is understood that no other questions of principle will be raised.

Separate note (subject to approval of Chinese Government) the following understanding is agreed upon.

Provided that a definite agreement is reached on the basis of the above points Chinese side will voluntarily give an independent undertaking that Mayor Wu's letter of January 28th stands.

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> Cf. No. 88: this draft agenda is also printed in *F.R.U.S.* 1932, vol. iii, pp. 584-5.

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 16, 8 p.m.)*  
*No. 192 Tour. Telegraphic: by wireless [F 2599/1/10]*

SHANGHAI, March 16, 1932

My telegram No. 187.<sup>1</sup>

On the evening of March 15th Japanese Minister called and said that in referring draft formula<sup>2</sup> to Tokyo for instructions he had altered paragraph 3 to run as follows:

'3. A Joint Commission with neutral members to certify the carrying out of agreement under paragraphs 1 and 2 and to watch and observe the general conditions in evacuated area until a later settlement.'<sup>3</sup>

2. At his request I at once forwarded copy to Kuo T[a]i-chi.

3. Later I happened to meet Mr. Koo to whom I explained this development.

4. At the same time I told him that I got the impression from the Japanese Minister (whom I had sounded when he called to see the first paragraph) that if Chinese would voluntarily set up some body of special police for areas adjacent to the Settlement this might considerably ease the position. If in addition foreign officers thereto could be appointed (say Swedish, Danish . . .<sup>4</sup> General Munthe's Peking Legation Police<sup>5</sup>) it would do so still more. Mr. Koo seemed favourably inclined and said he would discuss with Kuo T[a]i-chi.<sup>6</sup>

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> No. 88.

<sup>2</sup> See No. 98.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 586-7.

<sup>4</sup> The text is here uncertain.

<sup>5</sup> The reference was to the special corps of Chinese trained by the Norwegian, General J. W. N. Munthe, to protect the foreign legations at Peking, under the Boxer Protocol of 1901. Cf. H. H. Gowen and J. W. Hall, *An Outline History of China* (New York, 1926), p. 438.

<sup>6</sup> Sir M. Lampson reported this conversation with Dr. Koo to his colleagues at their daily meeting on March 16. The relevant section of the record read: 'Sir M. Lampson said that, after Mr. Shigemitsu had left, he had met Dr. Koo at the reception to the League Commission and informed him of the Japanese amendment, to which Dr. Koo had not taken exception. He, Sir M. Lampson, had then taken the opportunity to drop with Dr. Koo the seed of the special police force idea. At his interview with Mr. Shigemitsu he, Sir M. Lampson, had mentioned this to Mr. Shigemitsu by saying that, if the situation could thereby be eased, he had an idea that the Chinese might be willing on their own volition to create a special police force for Shanghai, perhaps even with foreign officers in Chinese employ on the lines of the Pao An Tui under General Munthe in Peking. Mr. Shigemitsu had been very pleased with the idea. When he, Sir M. Lampson, had mentioned this to Dr. Koo the latter had at once replied that it would be a simple matter to bring down 2000 or 3000 men from Peking: Dr. Koo had also responded quite satisfactorily to Sir M. Lampson's hint that foreign officers might be employed in such a force on the understanding of course that they would be in the employ of the Chinese Government. He, Sir M. Lampson, had then suggested to Dr. Koo that he discuss the matter with Mr. Kuo and consider whether such a suggestion could not suitably be put forward at the proper moment by the Chinese side.'



No. 100

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 16, 8 p.m.)*  
*No. 195 Tour. Telegraphic: by wireless [F 2592/1/10]*

SHANGHAI, March 16, 1932

United States Minister recently suggested to the State Department the withdrawal of the 31st Infantry back to Manila.<sup>1</sup> This in concurrence with the American Naval Commander-in-Chief.

2. State Department have ruled that the unit in question is to remain and that any question of their withdrawal will have to be discussed with the other interested Powers.<sup>2</sup>

3. Brigadier Fleming<sup>3</sup> informs me that on Friday<sup>4</sup> he will raise with me the question of the departure of the 93rd Highlanders in the immediate future. In absence of instructions I propose to inform him that from political angle reduction of British forces is premature.

Repeated to Peking and Mission.

<sup>1</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 541-2.

<sup>2</sup> See No. 27, note 1.

<sup>3</sup> Cf. *ibid.*, p. 572.

<sup>4</sup> March 18.

No. 101

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 16, 6.15 p.m.)*  
*No. 190 Tour. Telegraphic: by wireless [F 2589/1/10]*

SHANGHAI, March 17, 1932, 1.18 a.m.

My telegram No. 182.<sup>1</sup>

Portuguese Minister has arrived and takes very sensible view. He quite agrees that there is nothing for him to do here so having officially notified Senior Consul and Brigadier . . .<sup>2</sup> that instructions of his Government were to place Portuguese forces now here at the disposal of Commander-in-Chief of Shanghai defence forces for co-operation in the defence of the city, 'or any eventual policing of zones which may be fixed by the foreign Powers interested in connexion with the cessation of Sino-Japanese hostilities in pursuance of order and defence of respective nationals', he is reporting to Lisbon that his mission has been accomplished and is returning to North.

Repeated to Peking and Mission.

<sup>1</sup> No. 93.

<sup>2</sup> The text is here uncertain. Another text of the telegram read: 'Brigadier Fleming'.

## No. 102

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 17, 9 a.m.)*

*No. 170 Telegraphic [F 2606/1/10]*

TOKYO, March 17, 1932, 1.40 p.m.

My telegram No. 167.<sup>1</sup>

The Geneva resolution has not been badly received in the press as a whole and came as a great relief to the Japanese Government whose gratitude to yourself is shared by leading Japanese.

Result has been that for the moment, at any rate, a more reasonable spirit is abroad and our influence has increased. I am endeavouring to take advantage of this by pointing out in private conversations the folly of attempting to set up independent Manchurian state which no foreign Power will recognize and which will be regarded as a breach of the Nine Power Treaty.<sup>2</sup>

Many Japanese share this view and I do not doubt number will increase as time goes on provided no acute conflict with the Powers arises in the meantime. I recommend therefore that while avoiding anything like admission of legality of the present arrangement, we avoid raising the question of principle officially for the present unless we are forced to do so.

Although things look better there is still danger lest extreme military party who are responsible for the creation of independent state may force the hand of the Government when they see public opinion becoming more moderate. This danger should diminish with time.

Repeated to Shanghai.

<sup>1</sup> No. 82.

<sup>2</sup> In Washington despatch No. 468 of March 18 (received March 29, not printed) Sir R. Lindsay confirmed what had 'already been stated in the press', namely, that the U.S. Government was to send no acknowledgment or answer to the document notifying the formation of the State of Manchuria (see No. 66, note 3), and added that it appeared from an article in the *New York Times* of March 17 that the State Department was 'considering the desirability of pointing out to the other signatories of the Nine Power Treaty that recognition of the new State would constitute an infringement of the provisions of that Treaty'.

## No. 103

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 17, 9 a.m.)*

*No. 186 Tour. Telegraphic: by wireless [F 2605/1/10]*

SHANGHAI, March 17, 1932

Mukden telegram No. 23 to Peking.<sup>1</sup>

I presume that the administration of new state should be dealt with as *de facto* authority like other secessionist governments in China in the past but that relations should be as informal as possible.

Repeated to Peking, Mission, Tokyo, Mukden, Harbin and Newchwang.

<sup>1</sup> No. 66.

**No. 104**

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 17, 3.10 p.m.)*  
*No. 196 Tour. Telegraphic: by wireless [F 2630/1/10]*

SHANGHAI, March 17, 1932

My telegram No. 192.<sup>1</sup>

Japanese Minister having failed to receive his instructions in time, conference fixed for to-day, March 16th,<sup>2</sup> was postponed pending their receipt.

<sup>1</sup> No. 99.

<sup>2</sup> This telegram was drafted on March 16.

**No. 105**

*Mr. Holman (Peking) to Sir J. Simon (Received March 17, 4.15 p.m.)*  
*No. 165 Telegraphic: by wireless [F 2638/451/10]*

PEKING, March 17, 1932

Following received from Harbin No. 38 March 14th.

Begins.

Addressed to His Majesty's Minister; repeated to Nanking, Peking, also by post to Mukden and Dairen.

My telegram No. 36.<sup>1</sup>

Commissioner of Customs here (British subject) was approached semi-officially on March 13th by an official of new state who asked whether he would carry out their instructions. Commissioner replied that he would obey instructions issued by Central Government only.

Superintendent of Customs has been notified officially that customs administration should come under control of new state and that Japanese adviser has been appointed to assist him.

Commissioner of Customs is telegraphing to Inspector-General of Customs for instructions.

<sup>1</sup> Harbin telegram No. 36 of March 11 had been repeated to the Foreign Office by Mr. Holman in Peking telegram No. 164 of March 17 (received at 5 p.m. on March 18). It referred to the inauguration of the Head of the new state of Manchuria, reported that the Superintendent of Customs at Harbin had received informal warning that a Japanese adviser might be attached to him, and asked for instructions as to the reply to be given to queries from the Commissioner of Customs.

*Mr. Patteson (Geneva) to Sir J. Simon (Received March 18, 1.5 p.m.)*

*No. 145 L.N. Telegraphic [F 2647/1/10]*

GENEVA, March 18, 1932, 12.20 p.m.

Following from Mr. Cadogan.

Committee of Assembly met this afternoon<sup>1</sup> in public together with parties.

Japanese delegate stated number of troops in the course of being withdrawn from Shanghai area was about 14,000.<sup>2</sup> As regards negotiations there had been unofficial meeting in Sir M. Lampson's house on March 14th<sup>3</sup> and he hoped there would be an official meeting tomorrow. It had been agreed that secrecy should be observed and he could not therefore state on what basis discussion was proceeding.

Chinese delegate said that he was unaware of any agreement for secrecy and saw no need for it. He had in fact circulated to the committee draft agenda of meeting.<sup>4</sup> Although however 3 days had elapsed since first meeting Japanese Minister at Shanghai had not yet received instructions to accept the agenda. Chinese Government had 2 observations to make. In first place they objected entirely to so called separate note reaffirming declaration regarding boycott made by Mayor Wu in response to Japanese ultimatum of January 28th. In second place Japanese Minister had proposed to modify point 2 [3] regarding mixed commission by stipulating that it should watch state of affairs in evacuation zone.<sup>5</sup> Latter duty had been reserved by commission [? Assembly's] resolution for representatives of those Powers having special interests at Shanghai and not including parties to the dispute. He therefore objected to any participation of Japanese in this task.

President of Committee thought as regards point 2 [3] there was no real difference between the 2 texts and he could not see Japanese amendment was contrary to Assembly resolution. As regards boycott Japanese demand to reaffirm Wu's letter seemed at first sight to be a political condition and as such contrary to assembly resolution.

Japanese delegate accepted with satisfaction President's statement on

<sup>1</sup> This telegram was drafted on March 17. For the official record of this meeting see *L/N.O.J.*, *S.S. No. 101*, vol. i, pp. 90-95.

<sup>2</sup> In his telegram No. 205 Tour of March 18 (received at 6 p.m. the same day) Sir M. Lampson transmitted a report (dated 4 p.m., March 18) from the Military Attaché to H.M. Legation, Peking, wherein Colonel Badham-Thornhill stated, in particular, that headquarters and roughly 900 men of the 24th mixed brigade had left Shanghai during the day for Moji, Japan.

<sup>3</sup> Cf. No. 88.

<sup>4</sup> See No. 98, also *L/N.O.J.*, *op. cit.*, p. 236. In his despatch No. 61 T.S. of March 22 Sir M. Lampson noted, in this connexion: 'It subsequently transpired that this document had been communicated to the Assembly by the Chinese Delegate owing to some alleged mistake made in the transmission of the information to Dr. Yen from Shanghai, in a telegram from the Vice-Minister for Foreign Affairs, which had inadvertently not been marked "Confidential".'

<sup>5</sup> See No. 99.

question of mixed commission. Separate note relating to boycott was not, he declared, a condition of withdrawal and Japanese Government were prepared to postpone its discussion till some later date. But it was a matter to which they attached utmost importance. He then asked how the committee proposed to carry out its task of following negotiations. He thought direct intervention by committee would be going beyond its mandate.

President said that committee could not attempt to interfere in detail of negotiations. Its clear duty was however to watch main lines of negotiations and see that they did not in any way conflict with what was laid down in assembly resolution. If any important development occurred committee might have to meet again even during vacation.

Chinese delegate said that his Government would be gratified by withdrawal of condition about boycott and by interpretation given by President of mixed commission formula. He then attempted to argue that boycott would be outside the competence of Shanghai conference but President while expressing doubts of validity of this view pointed out at present this matter was not under discussion.

In conclusion Japanese delegate emphasized that his Government had not yet definitely accepted draft agenda.

Committee then adjourned until after April 11th subject to occurrence of any important development as noted above.

At a subsequent private meeting Chinese and Japanese delegates having withdrawn committee after consideration of written request by Chinese delegate decided (a) to invite both parties to furnish information regarding execution of Council's resolutions of September 30th and December 10th,<sup>6</sup> (b) to ask President of the Council to request Lytton Commission to expedite its report on Manchurian situation.

Spanish delegate attempted to get the committee to express misgivings regarding newly established Government in Manchuria but this was resisted by several members including the British delegate on the ground that this question must be dealt with by Lytton Commission and that nothing should be done till that Commission reported.

Repeated to Sir M. Lampson No. 26 and Tokyo No. 23.

<sup>6</sup> Printed in *L.N.O.J.*, December 1931, pp. 2307-8 and 2374-5 respectively; cf. Volume VIII, Chapters IX and XII.

## No. 107

*Sir J. Simon to Sir M. Lampson (Shanghai)*

*No. 40 Tour. Telegraphic [F 2558/1/10]*

FOREIGN OFFICE, *March 18, 1932, 2.40 p.m.*

Geneva telegram No. 136<sup>1</sup> (of March 15th: Meaning of Chinese delegate's understanding of Assembly resolution of March 11th [? 4th]).

<sup>1</sup> No. 87.

These fine points of interpretation are difficult to determine satisfactorily, but I am advised that it could be forcibly argued that Chinese delegate must be taken to have been referring only to political conditions and not to such immediate safeguards if any for Japanese life and property as may be necessitated by withdrawal of Japanese forces.

**No. 108**

*Sir J. Simon to Sir M. Lampson (Shanghai)*

*No. 41 Tour. Telegraphic [F 2592/1/10]*

FOREIGN OFFICE, *March 18, 1932, 4.45 p.m.*

Your telegram No. 195<sup>1</sup> (of March 16th: Proposal to withdraw 93rd Highlanders from Shanghai).

I agree. From political point of view it would be premature to reduce our forces until further progress has been made with peace negotiations.<sup>2</sup>

<sup>1</sup> No. 100.

<sup>2</sup> Sir M. Lampson's telegram to the Foreign Office, No. 202 Tour of March 18, said: 'Brigadier informed accordingly on March 18th.'

**No. 109**

*Mr. Ingram (Nanking) to Mr. Brennan (Shanghai)*

*No. 104 Telegraphic [F 2696/1/10]*

NANKING, *March 18, 1932, 10.25 p.m.*<sup>1</sup>

Following for His Majesty's Minister:—

It may be of use to you to know Vice Minister for Foreign Affairs' reading of what has occurred during the last two days at Geneva—details of which I naturally have not yet received.

2. According to Hsumo Assembly Committee saw no difference between Japanese Minister's amendment to point iii of draft basis for formal conversations (see your telegram No. 192)<sup>2</sup> and the original (see your telegram No. 188).<sup>3</sup>

As, however, Committee interpreted amendment as confining watching and observing to matters connected with withdrawal of Japanese troops and maintenance of order in evacuation of area to the exclusion of all matters of a political nature as being contrary to terms of Assembly resolution Chinese are prepared to enter into truce negotiations on its basis as thus interpreted an interpretation which they understand was accepted by Mr. Sato.

3. Hsumo understands that Assembly Committee ruled out separate note re boycott (see your telegram No. 188)<sup>3</sup> from scope of truce negotiations as coming within category of political conditions.

<sup>1</sup> Time of repetition as No. 37 to the Foreign Office (received 9.30 a.m. on March 18).

<sup>2</sup> No. 99.

<sup>3</sup> No. 98.

In this, too, he understands that Mr. Sato concurred.

4. Vice Minister for Foreign Affairs further understands that Assembly Committee considered itself competent to follow truce negotiations and to decide whether any steps taken in their course or as a result of them, fall within terms of Assembly resolution.

5. On basis of these interpretations and understandings Chinese are quite prepared to go ahead with formal negotiations though Hsumo confesses to grave apprehensions regarding phrase 'pending a later settlement' in points i and iii of draft basis. Here he admits they are taking a big risk as it may involve indefinite prolongation of state of affairs in which Chinese will be compelled to remain where they are, while the evacuated area will be watched and observed by a Sino-Japanese Commission aided by neutrals.

Repeated to Tokyo, Commander-in-Chief, Peking and Foreign Office. Foreign Office please repeat to Geneva if necessary.

### No. 110

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 18, 6 p.m.)*  
*No. 203 Tour. Telegraphic: by wireless [F 2681/1/10]*

SHANGHAI, March 18, 1932

The position as regards possible intervention by the League Commission is as follows:—

2. My colleagues and I at first had it in mind to invite Lord Lytton as representing the Commission to join in our conferences with the Chinese and Japanese. And Lord Lytton signified that this would be quite agreeable provided the two Governments concurred and the Secretary-General of the League approved.<sup>1</sup>

3. Later the Japanese Minister took exception to the idea (which so far as I know was never put to the Chinese side) and I informed Lord Lytton and my colleagues accordingly, suggesting the idea be held in reserve.<sup>2</sup>

4. Subsequently my three colleagues intimated that they had been considering the matter further in consultation with their respective members of the Commission and they all three felt it would be far preferable that the Commission should keep out of discussions unless appealed to by us and both sides in the event of difficulties arising. And this is how the matter now stands.

5. See also my telegram No. 204<sup>3</sup> which has been seen and concurred in by Lord Lytton and by my colleagues except the French Minister who is indisposed but whose views tally with ours and to whom copy will be shown.

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> Cf. No. 91.

<sup>2</sup> Cf. *ibid.*, note 4.

<sup>3</sup> No. 111 below.

No. 111

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 18, 5 p.m.)*  
*No. 204 Tour. Telegraphic: by wireless [F 2682/2/10]*

SHANGHAI, March 18, 1932

My colleagues and I would be glad to learn whether in the event of move appearing opportune to us and with concurrence of both parties the special committee appointed under resolution of March 11th would be prepared to authorise Commission of Enquiry to delay their departure from Shanghai in order to assist in any way that might at a given moment seem appropriate to us in present negotiations respecting cessation of hostilities and withdrawal of Japanese troops.

2. Could this be ascertained through Secretary General of the League? Repeated to Peking and Mission.<sup>1</sup>

<sup>1</sup> Repeated to Washington by Mr. Johnson, see *F.R.U.S.* 1932, vol. iii, p. 599.

No. 112

*Letter from Sir M. Lampson (Shanghai) to Sir V. Wellesley*  
*(Received April 11)*  
*[F 3336/1/10]*

BRITISH LEGATION (AT SHANGHAI), March 18, 1932

My dear Victor,

I telegraphed to you the other day the text of the telegram that the Joint Committee had addressed to their London confrères<sup>1</sup> as I thought it might interest, and possibly amuse you. Needless to say, it went by wireless, or I wouldn't have sent it.

It may amuse you still more if you see the *original* version,<sup>2</sup> drafted by Leslie of the Asiatic Petroleum Company. This, you will observe, was watered down in the final version: I am told because of what I said—or rather the line I took—at the meeting with the Joint Committee on March 9. I am quite sorry they didn't send off the original version—for my case could hardly have been better put if they had tried to!

(Incidentally, please keep the enclosed<sup>3</sup> strictly secret: I got it from sources you know of, and it is not known that I have it).

Poor dear people! they *are* so foolish. And yet they are so wrought up and unbalanced that if one ventures to point out the lines on which their true interests and those of the Settlement really (and so obviously) lie, they fly into a frenzy and look upon one as a poltroon and I know not what all. On the whole its lucky they have someone so placid as myself to deal with. Otherwise the fur might really begin to fly. For instance that man Bell, of

<sup>1</sup> See No. 78. Another copy of that telegram was enclosed in this letter.

<sup>2</sup> Not printed; cf. No. 78, notes 5 and 6.

<sup>3</sup> i.e. the original version.



our Municipal Councillors, was downright and deliberately offensive the other day. I should like you to have heard him and seen him. And one or two others of the Councillors were almost as bad.

However these things are not to be taken too seriously. It is the privilege of every Englishman (especially if he is a Shanghailanders!) to have his grouse. And undoubtedly folk here are worked up pretty badly by recent events. And they can't for the life of them see that true wisdom—in the interest of their own business and of the future of the Settlement—lies in settlement by willing consent with the Chinese. It may be a misfortune, but Shanghai happens, for better or for worse, to be in China: and its future is dependent (and their trade is dependent) upon the goodwill (ultimately) of the Chinese, however tiresome and difficult the latter may be—and indeed are, as you and I know very well.

Being a confirmed believer in the strength of events, I haven't a shadow of doubt myself that it will all work out in the end. But if the community make mistakes now (as they would like to do), it is going to recoil on their own heads later, of that I am sure as eggs is eggs!

Hectic times here these days, as you may suppose! But its all amusing really; and all in the days work.

Yours ever,

MILES W. LAMPSON

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## CHAPTER II

### Negotiations, with neutral participation, for a Chinese-Japanese agreement at Shanghai: conditions in Manchuria

March 19–April 12, 1932

#### No. 113

*Mr. Patteson (Geneva) to Sir J. Simon (Received March 19, 5.20 p.m.)*  
*No. 4 Telegraphic [F 2707/1/10]*

GENEVA, March 19, 1932, 5.8 p.m.

Following for Mr. Cadogan from Sir E. Drummond:

I understand that Sir M. Lampson has wired on his own behalf asking for instructions to be given to the Lytton Commission to remain at Shanghai in order to be associated with armistice settlement.<sup>1</sup> You will of course realize that the Commission is responsible to the Council alone. Although the Council decided that the Commission should have a free hand as to plans I presume that the Council could nevertheless give instructions or at least make recommendations to the Commission. Recent discussions in committee of nineteen<sup>2</sup> show that it is strongly wished that the Commission should proceed to Manchuria at the earliest possible moment. Of course the situation would be different if both governments asked for the Commission's good offices at Shanghai, but I understand Chinese Government is anxious that they should leave for Manchuria as soon as possible.<sup>3</sup> Personally I consider the Commission, which has now been informed of request of committee of nineteen for an early report on general situation in Manchuria, should be given full discretion to decide these questions entirely on their own responsibility.

<sup>1</sup> Cf. No. 111.

<sup>2</sup> See No. 67, note 8.

<sup>3</sup> See *L/N.O.J.*, *S.S. No. 101*, pp. 206–7.

#### No. 114

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 19, 4.30 p.m.)*  
*No. 207 Tour. Telegraphic: by wireless [F 2699/1/10]*

My telegram No. 206.<sup>1</sup>

SHANGHAI, March 19, 1932

Meeting took place this morning March 19th and lasted two hours. It

<sup>1</sup> Not printed. This telegram of 12.20 a.m. on March 19 (received at 5 p.m. on March 18) reported that, M. Shigemitsu having received his instructions, the meeting referred to in No. 104 would take place on March 19.

was amicable and on the whole considerable progress was made; we meet again this afternoon to consider amplified drafts of original three points in accordance with arrangements reached this morning.

Full report will be telegraphed tonight.<sup>2</sup>

Repeated to Peking, Mission and Tokyo.

<sup>2</sup> See No. 117 below.

### No. 115

*Sir J. Simon to Mr. Patteson (Geneva)*

*No. 328 Telegraphic [F 2682/1/10]*

FOREIGN OFFICE, *March 20, 1932, 2 a.m.*

Shanghai telegrams Nos. 203 and 204.<sup>1</sup>

Please communicate Shanghai telegram No. 204 to Sir E. Drummond. Also communicate to him confidentially No. 203. You should say that my own provisional view is as follows:

The most immediately urgent matter is to bring Shanghai negotiations for withdrawal of Japanese troops to a speedy and satisfactory conclusion. This would be an achievement of great value to the League as well as to the parties and if Lytton can give useful help the special committee, in my opinion, should facilitate this course and not oppose it. Presumably the Lytton Commission must pursue enquiries and observations at Shanghai for some time in any case and I suggest Lytton should be authorised to take such part in Shanghai negotiations as seems to him useful and as Lampson and his colleagues with approval of the parties request.

Repeated to Shanghai No. 43 Tour series for [*sic*]<sup>2</sup> Tokyo No. 65.

<sup>1</sup> Nos. 110 and 111 respectively.

<sup>2</sup> This telegram was repeated by the Foreign Office to Tokyo as No. 65.

### No. 116

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 20, 4 p.m.)*

*No. 209 Tour. Telegraphic: by wireless [F 2701/1/10]*

SHANGHAI, *March 20, 1932*

Military Attaché reports 18 hours March 19th.

Situation is generally quiet with the exception that Chinese stress complaint against continued air reconnaissance over their lines. They report presence of Japanese patrols their side of . . .<sup>1</sup> patrol line but do not suggest interchange of shots or even opening fire on the part of Japanese.

<sup>1</sup> The text is here uncertain. Another text read: 'of Shirakawa': cf. No. 90, enclosure, paragraph 3.

2. Embarkation of 24th mixed division continues. Impossible to obtain actual figures but staff state all will have left (? as well as 12th<sup>2</sup> division).<sup>3</sup>

3. Chinese are not actively reinforcing but certain units can be traced as making their way slowly to the battle area. On Japanese left flank towards Hangchow ninth and eighteenth divisions and one independent brigade with a few small . . .<sup>4</sup> units of provincial troops have been definitely located. On Nanking railway first division is quartered along the line west of Suchow.

4. Observers actually with Chinese troops state that careful enquiries show there is no foundation in fact for reports to the effect that Chiang Kai-shek has issued orders for withdrawal towards Nanking of any of troops of fifth army. Units of this army are still in positions as indicated in my telegrams Nos. 176<sup>5</sup> and 181.<sup>6</sup>

Repeated to Peking and Mission.

<sup>2</sup> It was suggested on the filed copy that this should read '11th'. In his despatch No. 61 T.S. of March 22 (cf. No. 88, note 5) Sir M. Lampson mentioned 'that on March 18, the Japanese Military Authorities had begun, and had continued during the following days, withdrawing (i.e. shipping back to Japan) a portion of their forces, namely the 24th Mixed Brigade and the 11th division'. Cf. No. 82, note 2.

<sup>3</sup> This sentence appears to be incomplete.

<sup>4</sup> The text is here uncertain. Another text read: 'a few smaller'.

<sup>5</sup> Of March 13, not printed.

<sup>6</sup> No. 77.

## No. 117

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 20, 5.30 p.m.)*

*No. 210 Tour. Telegraphic: by wireless [F 2702/1/10]*

SHANGHAI, March 20, 1932

My telegram No. 207.<sup>1</sup>

Meeting was resumed on the afternoon of March 19th and resulted after a further two and a half hours discussion in agreement, *ad referendum* to the two Governments, on draft contained in my immediately following telegram.<sup>2</sup> This draft which started by taking the form of agenda for negotiations is I hope gradually developing into an agreement attached to document.<sup>3</sup> If the present draft is accepted by the two Governments principal outstanding point[s] will be definition of Chinese positions under paragraph 1 and of extra Settlement 'localities' in which Japanese troops will be 'temporarily stationed' under paragraph 2. Latter point especially is likely to be a troublesome one as I fear that Japanese military have far reaching ideas which Chinese may find it hard to accept.

2. Following is a brief account of today's<sup>4</sup> meetings which were held in His Majesty's Consulate-General and attended by Japanese Minister and Chinese Vice Minister for Foreign Affairs (Kuo Tai-chi) myself and my

<sup>1</sup> No. 114.

<sup>2</sup> No. 118 below.

<sup>3</sup> Another text of this telegram here read: 'agreement with attached document'.

<sup>4</sup> This telegram was presumably drafted on March 19.

American,<sup>5</sup> French and Italian colleagues and Mr. Teichman Acting Secretary.

3. We went through the Agenda paper of March 14th<sup>6</sup> point by point. I proposed a preamble<sup>7</sup> providing for cessation of hostilities and making it plain that we were implementing the League Assembly's resolution of March 4th. This was not acceptable to Japanese Minister apparently because (as he had previously informed me privately though he did not say so at the meeting) Japanese military authorities objected to any reference to fact that negotiations are being carried on under the League auspices.<sup>8</sup> I then proposed alternative draft preamble as finally adopted and given in my immediately following telegram representing substance of wording of Assembly's resolution of March 4th without any direct reference to League or to resolution itself.

4. Paragraph 1 was adopted with the addition of provision for definition of Chinese positions and for their being if necessary checked by neutral representatives. This went through without much difficulty on the understanding that corresponding provision was attached to definition of Japanese positions in paragraph 2.

5. In Paragraph 2 Kuo Tai-chi pressed hard for some indication of areas represented by 'localities' adjacent to the Settlement in which Japanese troops owing to their large numbers were to be 'temporarily stationed' and of length of time of such occupation. Japanese Minister insisting that these were details for the military to discuss and decide, refused to commit himself beyond saying that areas in question included Woosung railway wharves and Woosung Village (*not* the forts) and that troops would be withdrawn 'as soon as possible'. Later on in the course of long statements about the necessity of stationing part of Japanese troops in these localities and the importance attached by Japanese Government to this point he made it plain that withdrawal of troops would be largely dependent on amelioration in the general situation, restoration of normal conditions and so on. Chinese representative sought to introduce a provision that neutral Powers should

<sup>5</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 604-5, 609-11.

<sup>6</sup> See No. 98.

<sup>7</sup> The text of this draft preamble, as enclosed in Sir M. Lampson's despatch No. 39 T.S. of March 20, received April 27, read: 'With a view to implementing the Resolution of the Assembly of the League of Nations of March 4th, recommending that negotiations be entered into by the Chinese and Japanese representatives, with the assistance of the authorities of the Powers having special interests in the Shanghai Settlements, for the conclusion of arrangements which shall render definite the cessation of hostilities and regulate the withdrawal of the Japanese forces, the following arrangements for the above purpose are hereby agreed upon.'

<sup>8</sup> In his despatch No. 61 T.S. (cf. No. 88, note 5) Sir M. Lampson reported that Mr. Shigemitsu had intimated to him 'that it would greatly facilitate his dealings with his own military authorities if all mention of the League of Nations was as far as possible kept out of the peace discussions which the Japanese Staff preferred to regard as a purely local military matter between them and the local Chinese Army Command'. Sir M. Lampson commented that this was the probable reason for Mr. Shigemitsu's rejection of intervention by the Commission of Enquiry (see No. 110, § 3) although the Japanese Minister for Foreign Affairs (Mr. Yoshizawa) had favoured such intervention.

lend their good offices and assist in ascertaining the necessity of stationing Japanese troops in extra Settlement 'localiti[e]s' and length of their stay there but this was firmly resisted by Japanese Minister who insisted that all questions concerning further withdrawal must rest solely with the Japanese Government.

6. As regards paragraph 3. Japanese Minister dropped his amendment<sup>9</sup> to the original agenda. I proposed a draft (already agreed to by my colleagues) defining constitution and procedure of joint commission which was accepted. In connexion with this paragraph Japanese Minister urged neutral participation in policing of evacuated zone in accordance with last sentence paragraph 2 of League resolution of March 11th<sup>10</sup> and suggested some system of neutral patrols. With some difficulty we rode him off this suggestion to which United States Minister was particularly opposed. Chinese representative (at my secret instigation) thereupon came out with the statement that Chinese Government were prepared on their own volition and initiative to organise special constabulary on lines of Munthe's Peking gendarmerie for maintenance of peace and order in evacuated areas (this was result of seed I had previously sown—see my telegram No. 192).<sup>11</sup> Japanese Minister welcomed the suggestion but pressed with our support for employment of foreigners in such a force. Upshot of prolonged and wearying discussion was last document in my immediately following telegram which is being referred to Nanking for consideration either as an agreed formal minute or as a separate voluntary declaration by Chinese Government. Japanese Minister still pressed for neutral patrols or other form of neutral participation in the maintenance of order in evacuated zone. We ultimately succeeded in reducing this to collaboration of joint commission in arranging for transfer from evacuating Japanese forces to incoming Chinese police as provided for in second sentence of paragraph 3 of main document.

7. There was the further discussion about the Mayor's letter of January 28th and boycott question. Chinese representative repeated that Mayor's letter had never been cancelled and remained valid now that hostilities had ceased. Japanese Minister appeared to accept these assurances and I have semblance of hope matter may be dropped out of these armistice negotiations. If so it will doubtless be partly due to what passed recently at Geneva on the subject.<sup>12</sup>

8. When we touched on form agreement would finally take Japanese Minister said that it would be signed on Japanese side by a military representative. When pressed he said Japanese Consul-General might also sign. He himself would 'assist' in negotiations but no more, matter being a purely military one. We took strong exception to this, pointing out that we four foreign heads of missions had been directly participating in negotiations and that he Mr. Shigemitsu had been similarly conducting them on

<sup>9</sup> See No. 99.

<sup>10</sup> See No. 93, note 4.

<sup>11</sup> No. 99.

<sup>12</sup> See No. 106. In his later despatch No. 61 T.S. of March 22, *op. cit.*, Sir M. Lampson reported that 'the Japanese did, in fact, from this point on drop the boycott question from the local Shanghai negotiations'.

Japanese side and that we therefore regarded him as a principal and expected him to sign. We should be prepared to do so ourselves as witnesses. Mr. Kuo Tai-chi took equally strong exception pointing out that as Vice Minister for Foreign Affairs he was acting for his Government. Japanese Minister said his instructions were explicit but he undertook to refer the point again to Tokyo. This manoeuvre is all in line with Japanese contention that issue is a purely local and military one with an independent Chinese army.

9. Next meeting is provisionally fixed for Monday morning, March 21st. Repeated to Peking, Mission and Tokyo.

### No. 118

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 20, 3.45 p.m.)*  
*No. 211 Tour. Telegraphic: by wireless [F 2703/1/10]*

SHANGHAI, March 20, 1932

My immediately preceding telegram.<sup>1</sup>

Following is draft referred to as adopted (? *ad referendum*) at meeting March 19th (begins).

It is agreed that cessation of Sino-Japanese hostilities shall be rendered definite and withdrawal of Japanese forces shall be regulated in accordance with following provisions.

1. The Chinese troops will remain in their present positions pending later arrangements. The Chinese authorities will define said positions. In the event of doubts arising in regard thereto, the positions in question will be ascertained by representatives of participating friendly powers.

2. Japanese troops will retire to International Settlement and extra Settlement roads in Hongkew district as before incident of January 28th 1932. It is (? however understood) that, in view of numbers of Japanese troops to be accommodated, some will have to be temporarily stationed in localities adjacent to the above-mentioned areas. Japanese authorities will define said localities. In the event of doubts arising in regard thereto, the localities in question will be ascertained by representatives of participating friendly powers.

3. A joint commission with neutral members<sup>2</sup> will be established to certify the mutual withdrawal. This commission will also collaborate in arranging for transfer from evacuating<sup>3</sup> forces to incoming Chinese police. The constitution and procedure of this commission will be as defined in attached annex: Begins:

<sup>1</sup> No. 117.

<sup>2</sup> For a correction to this wording, see No. 123, paragraph 8. In an unnumbered telegram of March 24 from Shanghai Sir M. Lampson said that this sentence should read: 'A joint commission including members representing the participating friendly Powers.'

<sup>3</sup> The text of this draft, as received by bag on April 27, here read: 'evacuating Japanese forces', as in No. 117, paragraph 6.

The joint commission will be composed of twelve members, namely, 1 civilian and 1 military representative of each of the following: Chinese and Japanese Governments and American, British, French, Italian heads of missions in China being representatives of friendly Powers assisting in negotiations in accordance with resolution of Assembly of League of Nations of March 4th. The members of joint commission will employ such numbers of assistants as they [may] from time to time find necessary in accordance with decisions of commission. All matters of procedure will be left to the discretion of the commission whose decisions will be taken by majority vote, chairman having a casting vote. Chairman will be elected by commission from amongst members representing participating friendly Powers. Ends.

Agreed minute or separate voluntary declaration by Chinese Government.  
Begins:

In order to ease general situation and to secure prompt re-establishment of stable<sup>4</sup> and normal conditions in affected areas, Chinese Government hereby intimate their intention immediately to establish on their own initiative for maintenance of peace and order in evacuated area in the vicinity of Shanghai Settlements, a force of special constabulary, for which they contemplate employment of foreign officers and instructors. It is understood that incoming Chinese police referred to in penultimate sentence of paragraph 3 of agreement for cessation of hostilities of March (blank) will be drawn from above special constabulary.

*Footnote* (not for publication)

It is understood that no other questions of principle will be raised. Ends.<sup>5</sup>  
Repeated to Peking, Mission and Tokyo.

<sup>4</sup> The later text here read: 'stability'.

<sup>5</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 609-10.

## No. 119

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 20, 5 p.m.)*  
*No. 214 Tour. Telegraphic [F 2705/1/10]*

SHANGHAI, March 21, 1932, 12.20 a.m.

My telegram No. 210<sup>1</sup>—first paragraph.

Military Attaché learns confidentially from Japanese Military Attaché that Japanese staff wish to hold a main line from Woosung via Kiangwan to North West corner of Settlement with outposts and line observation from Paoshan via Tazang to Settlement. I report this for what it may be worth as an indication of probable rocks ahead.<sup>2</sup>

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> No. 117.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 614.



**No. 120**

*Sir J. Simon to Sir M. Lampson (Shanghai)*  
*No. 44 Tour. Telegraphic [F 2547/1/10]*

FOREIGN OFFICE, *March 21, 1932, 6.30 p.m.*

Your telegram No. 182<sup>1</sup> (of 14th March. Shanghai) paragraph 4.

I agree with your views. I feel sure that the Assembly did not intend by Resolution of March 11th to press for adoption of any such measures but merely to signify approval of them if their initiation were found desirable locally, and to encourage Powers to co-operate *if necessary*.

<sup>1</sup> No. 93.

**No. 121**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 21, 1.47 p.m.)*  
*No. 175 Telegraphic [F 2719/1/10]*

TOKYO, *March 21, 1932, 8 p.m.*

Sir M. Lampson's telegram No. 210<sup>1</sup> to Foreign Office.

I urged Minister for Foreign Affairs this afternoon to send really conciliatory instructions to Shanghai. He said those last sent would be believed prove satisfactory.

Repeated to Shanghai.

<sup>1</sup> No. 117.

**No. 122**

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 22, 4.15 p.m.)*  
*No. 215 Tour. Telegraphic: by wireless [F 2779/1/10]*

SHANGHAI, *March 21, 1932<sup>1</sup>*

My telegram No. 210<sup>2</sup> paragraph 9.

As regards signature my present idea is if agreement is arrived at that it will be signed by Chinese and Japanese principals and that we four foreign heads of mission should append our signatures in following form 'in the presence of' (then would follow our four signatures) 'representatives of friendly Powers assisting in negotiations in accordance with resolution of Assembly of League of Nations of March 4th 1932'.

2. I discussed this with my American and Italian colleagues this morning<sup>3</sup> (French Minister being absent ill) and they concurred.

3. Unless instructed to the contrary I shall assume your authority to act at my discretion in some such line as above.<sup>4</sup>

<sup>1</sup> Date of drafting of this telegram.

<sup>2</sup> No. 117.

<sup>3</sup> See No. 126 below.

<sup>4</sup> Foreign Office telegram No. 51 Tour of March 24 to Sir M. Lampson referred to this telegram and said: 'No objection.'

4. Japanese Minister informed me last night that he had telegraphed to Tokyo for authority in the event of agreement being arrived at to append his signature though he added that Japanese military representative would in any case have to sign first.

Repeated to Peking and Mission.

### No. 123

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 22, 6.15 p.m.)  
No. 216 Tour. Telegraphic: by wireless [F 2782/1/10]*

SHANGHAI, March 21, 1932

My telegram No. 210.<sup>1</sup>

Meeting was resumed on afternoon of March 21st,<sup>2</sup> French Minister who is ill being represented by a secretary.

2. We went through draft of March 19th<sup>3</sup> taking Chinese points first. First point made by Kuo Tai-chi under instructions of his government was that paragraph 3 of Assembly resolution of March 4th recommended negotiations to 'regulate' withdrawal which implied a definite programme with time limits; this had not been provided for so far in the draft. Japanese Minister admitted point but took line that this was a matter of detail to be arranged between military authorities of both sides at formal conference at which they would assist or rather in his view be principals. Eventually argument was reduced to Chinese representative insisting on insertion of following sentence at beginning of paragraph 2 'in accordance with definite programme regulating withdrawal as shown in annex blank to this agreement.' I and my United States colleague supported this addition but Japanese Minister would not commit himself beyond agreeing to its discussion by military representatives next meeting which they would attend. Kuo Tai-chi made his acceptance of draft conditional on his point being covered by this or some similar formula.

3. Only other point raised by Chinese side concerned declaration by Chinese Government regarding special constabulary. He was authorized to agree to this being made as a *separate* declaration (and not as an agreed minute) to be issued before or simultaneously with conclusion of agreement (this after some pressure) but he was instructed to delete sentence 'for which they contemplate the employment of foreign officers and instructors.' He explained that Chinese Government would in fact employ foreigners but that inclusion of this sentence would lead to misunderstanding and invited hostile criticism (doubtless having political opponents of government in mind). Japanese Minister took line that his government attached the greatest importance to this sentence and that its deletion would re-open the whole question of maintenance of peace and order in evacuated zone. Eventually Kuo Tai-chi was induced by our mediation to offer following compromise if his point regarding regulation of withdrawal under paragraph

<sup>1</sup> No. 117.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, 614-15.

<sup>3</sup> See No. 118.

2 of main document was met. Sentence in question to read 'for which they contemplated the employment of experts as officers and instructors', at the same time he made a verbal statement (not to be published) of which we each with his explicit consent took note that 'in discussing this phrase Kuo Tai-chi intimated that Chinese Government contemplated employment of foreigners among experts in question'.<sup>4</sup> This was utmost we could get and appear[ed] to be accepted by Japanese Minister. Kuo Tai-chi also raised the point in connexion with this declaration that special constabulary might be a temporary measure which could be terminated by Chinese Government at any time. This was delicate ground and we were able to get him to drop the point.

4. On Japanese side Japanese Minister had no special points to raise except to make it clear that he regarded the whole draft as a basis for formal negotiations between military representatives on each side. This might involve some changes of wording especially in connexion with preamble which might require to be re-hashed into a more definite provision and perhaps a fresh article stipulating for cessation of hostilities. We impressed upon him that what had been agreed must stand but admitted possibility of having to make verbal changes [?] to fit in with military details, definitions of positions on both sides and so on.

5. We discussed form of signature and I presented so far as concerned our signatures as witnesses formula contained in (? my telegram No. 215).<sup>5</sup> This was acceptable to Chinese side. Japanese Minister suggested as in his view military representatives were principals he and Kuo Tai-chi should also sign as witnesses. I and my colleagues demurred to this suggestion which puzzled Kuo Tai-chi. Japanese Minister then suggested our (i.e. the neutrals) signatures should be relegated to a separate protocol. I said that seemed to be merely matter of form.

6. Japanese military are evidently determined to make any arrangement reached seem as far as possible a purely military affair.

7. We decided that (in view of Japanese Minister's attitude) we had taken negotiations as far as we could in their present form and we arranged to meet at 10 a.m. March 23rd for formal conference with military representatives present. What the outcome will be I have no idea.

8. We corrected a clerical error which had arisen in re-drafting of paragraph 3 of main document on March 19th. Opening sentence which<sup>6</sup> should read 'A joint commission including members of all (? seven) of the participating friendly Powers' instead of 'with neutral members'.<sup>7</sup>

Repeated to Peking, Mission and Tokyo.

<sup>4</sup> In his despatch No. 61 T.S. (cf. No. 88, note 5), Sir M. Lampson wrote: 'I felt in view of the possible developments in connection with the proposed special constabulary force, which might turn out very much to the advantage of all concerned in connection with a solution of the long-standing controversies concerning the extra Settlement roads and the policing of the extra Settlement areas, that we were interested in securing the employment of foreigners in this force and I did my best tactfully to support the suggestion.'

<sup>5</sup> No. 122.

<sup>6</sup> Printed as in the original; cf. No. 118, note 2.

<sup>7</sup> In the detailed report of this meeting, received in the Foreign Office on April 13 as

enclosure in Shanghai despatch No. 45 T.S. of March 23 (not printed), Sir M. Lampson recorded that Mr. Quo suggested that the first sentence in paragraph 3 of the draft 'should be altered to read that the joint commission would be established "to regulate and certify the mutual withdrawal", the "regulate" being added'. The report continued: 'Mr. Shigemitsu did not like this proposal, and Sir M. Lampson and his colleagues at once gave Mr. Kuo to understand that it seemed to them irregular under the Resolution and undesirable from a practical point of view. The point was accordingly dropped.'

#### No. 124

*Sir J. Simon to Mr. Patteson (Geneva)*

*No. 6 Saving. Telegraphic [F 2707/1/10]*

FOREIGN OFFICE, *March 21, 1932*

Following for Sir E. Drummond from Mr. Cadogan.

Secretary of State's telegram No. 328<sup>1</sup> of yesterday was sent off before he had seen Geneva telegram No. 4.<sup>2</sup> He entirely agrees that the Lytton Commission is constitutionally responsible to the Council alone and on this ground would have been disposed to deprecate messages to the Commission from the Committee of Nineteen—see last sentence of telegram No. 4. But the true position is that the Lytton Commission, like the Indian Statutory Commission,<sup>3</sup> is master of its own procedure and should conduct its difficult task on its own responsibility. Having reached Shanghai, where there is a prospect of securing prompt and definite results, it would seem strange to abandon its work there where the results are in the balance in order to travel to the scene of a different problem. But Sir John Simon agrees that Commission should be given full discretion and not be diverted from doing what it thinks most useful by the request of one or other of the disputing parties.<sup>4</sup>

<sup>1</sup> No. 115.

<sup>2</sup> No. 113.

<sup>3</sup> The report of this Commission (1927-30), of which Sir J. Simon was chairman, was published as Cmd. 3568 and Cmd. 3569 of 1930.

<sup>4</sup> A note on the draft of this telegram explained that the text had been telephoned to Geneva for Sir E. Drummond on March 21. Mr. Patteson's telegram No. 5 of even date said that, as a result, Sir E. Drummond did not think it necessary to take any further action at present.

#### No. 125

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 22)*

*No. 151 [F 3633/1/10]*

*Confidential*

TOKYO, *March 21, 1932*

Sir,

Now that fighting has ceased round Shanghai and some of the Japanese troops are actually being withdrawn, the attention of the country has returned to the consideration of the Manchurian question compared with

which the Shanghai struggle is universally held here to be but a passing and unfortunate episode. It may therefore be useful if I attempt to review the position as it now is.

2. In the first place, no official information is available at this Embassy from Japanese sources. All our information comes either from reports by His Majesty's Consular officers at Mukden, Harbin and Dairen, or from newspapers which are often inaccurate and misleading. None the less it is clear that the whole of the Three Eastern Provinces right up to the Siberian frontier are now under Japanese control, although large bands of brigands, or of insurgents as the case may be, are still active. These bands offer no serious menace to the Japanese troops, which number close on 30,000, and will soon be able to reduce them to comparative impotence.

3. Having overcome all organised resistance, the Japanese have succeeded in enlisting the services of a number of prominent Chinese, amongst them the patriot General Ma, by whom a Government has been formed under the life-presidency of Mr. Henry Pu Yi, last of the Manchu Emperors, with its capital at Changchun. This Government has proclaimed the complete independence from China of the Four Eastern Provinces in a manifesto addressed to all the Powers. No official copy of this manifesto is available in the Embassy; but the 'Japan Times' has published what purports to be the English version and a copy of this is enclosed for convenience of reference.<sup>1</sup> A Constitution, somewhat on the Japanese model, has also, apparently, been drawn up; but this seems to be still in a fluid stage. What is far from fluid is the presence of a great number of Japanese 'advisers' in all departments of the new Administration which they dominate completely.

4. The above short sketch will show how radically the position has changed since last autumn when Baron Shidehara was only too anxious to negotiate with the Chinese Government a settlement which would assure to Japan the enjoyment of her treaty rights, no doubt very widely interpreted, in what may be called the old Japanese sphere of South Manchuria.<sup>2</sup> Now we are faced with a so-called independent Government ruling over the whole of all Four Provinces; and the Chinese Government, so far as Japan is concerned, looks like disappearing from the picture.

5. Before considering the future it may be as well to refer to the traditional policy of America towards Manchuria. Ever since the Russo-Japanese war, the United States Government have tenaciously endeavoured to nullify the results of a Japanese victory in Manchuria. Soon after the Peace of Portsmouth,<sup>3</sup> they did all they could to effect this by pressing for railway concessions and by the famous proposal of Secretary Philander Knox to internationalise the Manchurian railways.<sup>4</sup> Sir E. Grey, though hard

<sup>1</sup> Not here printed: cf. No. 66, note 3.

<sup>2</sup> Cf. Volume VIII, Chapters IX-XII, and Volume IX, No. 90. Baron Shidehara was the Japanese Minister for Foreign Affairs 1924-7 and 1929-31.

<sup>3</sup> Of September 5, 1905; see *B.F.S.P.*, vol. 98, pp. 735 ff.

<sup>4</sup> For the proposal in question, see *F.R.U.S.* 1910, pp. 231 ff. Mr. Knox was U.S. Secretary of State 1909-13.

pressed in the matter of Messrs. Pauling's contract for the Fakumen railway,<sup>5</sup> refused to follow the Americans on this ground. While insisting on the Open Door, he consistently maintained that it was in accordance neither with common sense nor with fundamental justice to attempt to reduce the Japanese position in Manchuria to the same level as that of the other Powers who had not lifted a hand to wrest the district from the Russians. I have discussed this question privately more than once with him, and have always admired his sound comprehension of the realities of the situation. The policy of the United States remains what it always has been; and their case on paper has been much strengthened by the Nine Power Treaty. But it remains a 'paper' case out of touch with reality.

6. The official attitude of the Japanese Government has been up to now that they have had nothing whatever to do with Chinese political proceedings in Manchuria. They have, like the other Powers, received the Proclamation of Independence issued by the new Changchun Government, and they believe that it expresses the political aspirations of the population of Manchuria. But the State is too young for it to be possible to decide whether it can survive. For the time being they have no intention of recognising it, as Mr. Yoshizawa himself informed me confidentially on the 14th instant, as reported in my telegram No. 167<sup>6</sup> of that date.

7. In this country the utterances of Mr. Shiratori, of the Gaimusho Press Bureau, and the views expressed by the 'Japan Times', both of which reflect the sentiments of the General Staff, are often more illuminating than the official confidences of the Minister. Let us see what these two authorities say. They agree that it is premature for the Japanese Government to recognise the Changchun Government at once; but they warn the Powers that the Japanese Public is getting impatient, and that the strength of public opinion may well force the hand of the Government. No great harm would be done if this were to happen; since the Changchun Government obviously represents the will of the Manchurian people and will have to be recognised by all the Powers sooner or later. Mr. Stimson's view that recognition of the new State would violate articles 1 and 2 of the Nine Power Treaty was held up to ridicule two days ago by Mr. Shiratori on the ground that the Signatories of the Treaty never foresaw the spontaneous formation of a new State as a result of the break-up of China. This argument is so thoroughly in keeping with the psychology of the Japanese, who constantly use it *mutatis mutandis* when repudiating an unlucky contract in business, that I have little doubt it will be adopted officially. And it will possibly be reinforced by a reference to the case of Belgium who, by her spontaneous action in 1830, upset the most solemn Treaties signed but a few years earlier.<sup>7</sup>

8. The Nine Power Treaty is not the only obstacle in the path of the new

<sup>5</sup> Cf. Volume IX, No. 8, enclosure.

<sup>6</sup> No. 82.

<sup>7</sup> The reference is to the events which led to the separation, in 1831, of Belgium from the Kingdom of the Netherlands as constituted by articles 65 and 66 of the Treaty of Vienna of June 1815; see Hertslet's *The Map of Europe by Treaty* (London, 1875), vol. i, pp. 248-50 and vol. ii, pp. 858 ff.

State. There is the declaration by Mr. Stimson that the United States Government will recognise no state of things which owes its origin to the use of force<sup>8</sup>—for that is what it amounts to—and this Declaration was recently endorsed by the League in a Resolution<sup>9</sup> which received the plaudits of an enlightened public opinion on both sides of the Atlantic. I had the honour, in my despatch No. 47<sup>10</sup> of January 25th, to express my doubts as to the wisdom of Mr. Stimson's reservation when it was first made; and I regret to state that its endorsement by the League has not altered the opinion I then formed. It would be otherwise were there any reasonable prospect that these declarations would influence events in a direction favourable to the interests of the Powers and of League principles. We see no such prospect.

9. Such being the state of affairs it is difficult to offer useful advice. One thing is certain. It is worse than useless to try to persuade the Japanese that it is against their own interests to commit the country to vast enterprises in Manchuria. I do not know what Edward III of England and his Court would have said to anyone using similar arguments regarding the pursuit of his interests in France; but I do know that the Japanese, practically without exception, regard these arguments merely as a proof that the speaker is personally hostile to them. For, at the risk of repetition, it must be again emphasised that the whole nation looks upon success in the struggle for predominance in Manchuria as vital to the very existence of the country. Rather than give way in any particular of substance, Japan will, in our opinion, embark on a war without hesitation. She believes that she has staked her whole future on success in Manchuria and that retreat under pressure would only add dishonour to the disasters accompanying a military defeat.

10. In the above circumstances I have confined myself, as reported in my telegram No. 170<sup>11</sup> of the 17th March, to attempting to persuade my friends, both officials and private persons, that Japan can quite well get all she wants in Manchuria under an Autonomous Government friendly to herself but recognising the Sovereignty of China. I have emphasised that this solution calls neither for recognition by the Powers nor even by China herself who has often been faced by a similar situation since 1911. That it avoids what is bound to be considered a breach of the Nine Power Treaty with all its attendant complications. In short, that it is the only sensible solution in the interests of Japan herself. At first I had hopes that these arguments might prevail. My friends see the force of them and are inclined to agree that my solution is the ideal one. But I can find no-one who believes it will be accepted; and my own tempered optimism was shaken yesterday by a conversation I had with a Russian friend who was secretary to the Tsarist Embassy here and deep in all the intrigues of pre-Bolshevik days. He did not believe that it was possible for the Japanese to go back from Independence to Autonomy. It had been done by his own Government as

<sup>8</sup> A reference to the U.S. declaration of January 7, 1932; cf. No. 49, note 7.

<sup>9</sup> See No. 67.

<sup>10</sup> Volume IX, No. 115.

<sup>11</sup> No. 102.

regards Outer Mongolia<sup>12</sup> but with the greatest difficulty and in quite other circumstances. Were the Japanese to try it, they would so shake the confidence of their Chinese backers in Manchuria that they would lose control of the country. Although M. Abrikossov did not convince my reason, I suspect that he is right and that all we can hope for is that the Japanese Government will withhold recognition of the new State for a decent period of time. Even that may well prove a pious hope, but, if it is realised, there seems a fair chance of the country coming to its senses and appreciating the advantages of not antagonising the rest of the world.

11. In my immediately following despatch<sup>13</sup> I am transmitting copy of a memorandum<sup>13</sup> by the Military Attaché to this Embassy, in which Colonel Simson deals with the military aspect of the Manchurian question. Copies of both despatches are being sent to His Majesty's Minister in China by safe hand.

I have, &c.,  
F. O. LINDLEY

<sup>12</sup> Cf. the Russo-Mongolian Agreement of 1912 and the Sino-Russian declaration of 1913 printed in *B.F.S.P.*, vol. 105, pp. 398-403 and vol. 107, pp. 732-4, respectively.

<sup>13</sup> Not printed.

## No. 126

*Record of a meeting at Shanghai on March 21, 1932<sup>1</sup>*

[F 4084/1/10]

*Confidential*

SHANGHAI, March 21, 1932

### *Daily Meeting with Colleagues*

Present: H.M. Minister  
American Minister  
Italian Chargé d'Affaires  
Mr. Teichman  
(French Minister absent ill)

Sir M. Lampson communicated the substance of a telegram he had received (F.O. to Geneva No. 328)<sup>2</sup> in reply to the enquiries he had made on behalf of himself and his colleagues regarding the role of the Commission of Enquiry—it amounted to H.M. Secretary of State supporting their suggestions. Mr. Johnson referred to a telegram which he had received from his Government indicating that they considered that the Commission had very important work to do in Manchuria and should not dally too long in Shanghai.

The situation report for the day was considered and adopted. A copy was despatched to the French Minister.

<sup>1</sup> A copy of this record was received in the Foreign Office on May 10 under Shanghai formal covering despatch No. 43 T.S. of March 22.

<sup>2</sup> No. 115.



Sir M. Lampson informed his colleagues of the substance of a F.O. telegram No. 38 of March 19<sup>3</sup> from which it appeared that the Joint Situation Reports were still required; this was in answer to the inquiry which he had made on behalf of himself and his colleagues on this point.

Sir M. Lampson raised the question of the form in which they, the 4 heads of Mission, should sign the Agreement if it went through. He presumed they would sign as witnesses; on the one hand they did not wish to commit themselves unduly in any way, but on the other hand there were certain points in the Agreement on which they came in, e.g. the Joint Commission; it would seem best therefore if they signed as witnesses. He suggested further that they might sign in some such form as the following: separately from and after the signatures of the principals:

‘In the presence of’  
then would follow the 4 signatures.

‘Representatives of the friendly Powers assisting in the negotiations in accordance with the Resolution of the Assembly of the League of Nations of March 4, 1932.’

The colleagues concurred. Continuing, Sir M. Lampson said that he would propose to inform his Government of the above<sup>4</sup> and suggest, or rather assume, that he would be allowed the necessary degree of latitude and discretion to adopt some form on the above lines.

Sir M. Lampson referred to a conversation which he had had with the Japanese Minister at Admiral Taylor’s<sup>5</sup> dinner party the night before. Mr. Shigemitsu had made the point that the negotiations and the agreement concerned primarily an armistice and that his military authorities would necessarily have to be the principals. But he had telegraphed to Tokyo for permission to sign also. In any case however his military people would have to sign first. Mr. Shigemitsu had also mentioned the preamble. He had suggested that this should be dropped out of the next discussion, after which the military, when they came into the picture, would put it back as it stood. So far they were only dealing with Agenda. He, Mr. Shigemitsu, was only acting in the negotiations for his military authorities who were the principals. It would therefore make it very much easier for him if it was made to appear as though the substantive negotiations had been conducted by them, the military. They would not necessarily alter anything in the agreed text. He, Sir M. Lampson, had taken the line that this was all a matter of procedure, but that there must be no monkeying with the text by the military authorities. He, Sir M. Lampson, had also suggested to Mr. Shigemitsu that at the next meeting, if agreement was reached on the text, the phrase ‘the Chinese authorities will define their positions’ should be altered to read ‘these positions are defined in annex 1 to this agreement;’ the same alteration being made in the corresponding sentence concerning the definition of the Japanese ‘localities’.

<sup>3</sup> Not printed.

<sup>4</sup> See No. 122.

<sup>5</sup> Commander-in-Chief of the U.S. Asiatic Squadron.

Mr. Johnson pointed out that in paragraph 3 of the draft the words 'neutral members' should be changed to 'including members representing the participating friendly Powers.'<sup>6</sup> Sir M. Lampson agreed that this was an error which had crept in through an oversight.

Sir M. Lampson enquired whether his colleagues had received from their Military Attachés the same information which he had had from Colonel Badham-Thornhill about the line which the Japanese proposed to hold, and added that he had telegraphed this information to his Government (see telegram to F.O. No. 214).<sup>7</sup> Mr. Johnson said he had received much the same from his Military Attaché.

Sir M. Lampson said that he had also talked to Dr. Koo at the dinner party the previous night. Dr. Koo had made two points, firstly concerning the Japanese refusal to name any date for the final withdrawal of their troops. He, Sir M. Lampson, had concurred but had said that it had not been through lack of pressing and he doubted very much whether they could ever be induced to do so. This led to a discussion of how firm a stand the Chinese should take on this point. He, Sir M. Lampson, had referred to the first sentence of paragraph 2, which, he had pointed out, was for the Chinese a very valuable commitment on the Japanese side. Secondly Dr. Koo had referred to the point that the special constabulary should only be a temporary arrangement. He, Sir M. Lampson, had told him that it would be a great mistake to press this point or go into that aspect of the proposal too closely. He and his colleagues all thought that the proposal was a wise and statesmanlike one. If, as they all hoped, it should prove a success, it should be extended rather than withdrawn. He, Sir M. Lampson, would try and get his Consul General put on the Joint Commission as the British civilian representative. In this way H.M. Consul General would be brought in on the question of the special constabulary. The Chinese side might then find that they were killing several birds with one stone including the controversies about the outside roads.

Mr. Johnson intimated that he agreed with the views expressed by Sir M. Lampson to Dr. Koo. He added that he thought that such questions as the public utilities on the outside roads would settle themselves in due course if only people would keep their mouths shut on both sides. Sir M. Lampson concurred.

Sir M. Lampson, referring to the point he had been discussing, said that at the meeting that afternoon,<sup>8</sup> Mr. Kuo Tai-chi might again raise the question of the special constabulary being a temporary measure. He thought that they, the foreign colleagues, should do their best to try and discourage him from pursuing this point. Mr. Johnson entirely agreed.

E. T.

<sup>6</sup> Cf. No. 118, note 2.

<sup>7</sup> No. 119.

<sup>8</sup> Cf. No. 123.

No. 127

*Mr. Holman (Peking) to Sir J. Simon (Received March 22, 3.30 p.m.)*

*No. 170 Telegraphic: by wireless [F 2780/1/10]*

PEKING, March 22, 1932

Following received from Mukden No. 25 of March 16th.

Begins:—

Addressed to His Majesty's Minister, repeated to Nanking No. 5, Peking No. 25 also by post to Harbin, Newchwang, Dairen.

My telegram No. 4.<sup>1</sup>

Signed despatch in English received March 16th from Minister for Foreign Affairs Changchun announces establishment of state of Manchuria and his own appointment and communicates full texts of telegram and identic confirmatory despatch sent to His Majesty's Secretary of State for Foreign Affairs.<sup>2</sup>

Subject to your approval I propose to reply by third person memorandum simply acknowledging receipt.<sup>3</sup>

<sup>1</sup> This Mukden telegram to Sir M. Lampson has not been traced in Foreign Office archives. It appears to be the telegram referred to by Mr. Eastes in his despatch No. 36 of March 17 to Peking (copy received in the Foreign Office on April 5, not printed) as being addressed to H.M. Minister 'at Nanking No. 4, and repeated to His Majesty's Legation at Peking as No. 24, of March 15th, indicating the desire of the new State of Manchuria for early recognition by other countries'. Cf. No. 154 below, enclosure, paragraph 7.

<sup>2</sup> Copies of these documents were enclosed in Mr. Eastes's despatch No. 36, *op. cit.* For the telegram of March 12 addressed to Sir J. Simon by the new government of Manchuria, see No. 66, note 3.

<sup>3</sup> In his telegram No. 381 of March 18 from Shanghai to Mr. Holman (repeated to the Foreign Office in Peking telegram No. 169 of March 20), Sir M. Lampson said: 'No acknowledgement should be sent.'

No. 128

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 19)*

*No. 154 [F 3523/40/23]*

TOKYO, March 22, 1932

Sir,

In my despatch No. 139<sup>1</sup> of March 11th, reporting the assassination of Baron Dan, I had the honour to refer to the concern which was being felt by the authorities at the disturbing activities of reactionaries in this country and to the fact that the belief was steadily gaining ground in both official and private circles that society needed to be protected as much from these elements as from the socialists and communists, who have hitherto monopolised the attentions of the police.

<sup>1</sup> No. 63.

2. Since the outrage on Baron Dan the police have been assiduously prosecuting their investigations into the origins and ramifications of the Blood Brotherhood League, of which the assassins of both Mr. Inouye and Baron Dan were members, and their enquiries have led them far afield. There have been new developments from day to day, and I do not propose to attempt as yet to give a connected account of the revelations which have been made. But there are some aspects of the incidents which appear to me to be worth recording even before the results of the police investigations are made public.

3. It appears that among the many persons arrested after the murder of Baron Dan were students of the Imperial Universities of Tokyo and Kyoto, and the Ministry of Education are reported to have decided upon an exhaustive investigation into the ideas and activities of University students, some of whom have hitherto caused trouble only by their communistic tendencies. But the control of the reactionary movement among students presents a difficult problem, for it has always been the policy of the education authorities in this country to inculcate the very ideas of nationalism with which the alleged accomplices of the Blood Brotherhood League were imbued. It is obviously imperative to condemn terrorism in the pursuit of the glorification of the Empire and the Imperial House, but any excessive measures of restraint might well result in the discouragement of patriotism; and it is reported that the Ministry of Education are in favour of affording the students more opportunity of consulting and becoming familiar with the university authorities in the hope that the rising generation will be convinced that the ideals of patriotism can be achieved without recourse to such anti-social means as assassination.

4. The spirit of disgust which was aroused by the murder of Baron Dan and which found expression in the press in language of unwonted vigour was not a passing phase, and the vernacular papers have returned to the subject, after a lapse of several weeks, in a manner which proves that the whole question of social thought and tendencies is causing serious anxiety. The 'Nichi Nichi', which is known for its outspoken manner, writing on the 20th instant, admitted that conditions in Japan are far worse than is generally believed, and expressed itself as unwilling to consider the prevailing social unrest as merely a passing phenomenon. The unrest is deep-rooted, and worse things will happen unless something is done. 'In Japan' says the 'Nichi Nichi' 'it has been the custom to believe that the only danger to be feared is from the left extremists. The confessions of men concerned in the Blood Brotherhood League show that the reactionaries are as great a menace to peace and order. The police are largely to blame, because they show severity only towards communists and other radicals. . . .<sup>2</sup> and there is a suspicion that the authorities connive at the activities of the reactionaries in the belief that they counteract the communists. The very fact that there existed an assassination league, and that the members were working without arousing the slightest suspicion is a serious reflection on those whose duty it

<sup>2</sup> Punctuation as in original quotation.

is to maintain order. The important thing for the authorities to do is to remove the conditions which favour the growth of extreme ideas . . .<sup>2</sup> and chief among these is the corruption of politicians. The people are rapidly losing faith in parliamentary government. . . .<sup>2</sup> and how can it be otherwise when legislators put more store by party than by the country.'

I have, &c.,

(for His Majesty's Ambassador),

W. R. CONNOR GREEN<sup>3</sup>

<sup>2</sup> Punctuation as in original quotation.

<sup>3</sup> First Secretary in H.M. Embassy, Tokyo.

## No. 129

*Letter from Mr. Snow<sup>1</sup> (Tokyo) to Mr. Orde (Received April 19)<sup>2</sup>*

[W 4401/1466/98]

*Secret*

TOKYO, March 22, 1932

My dear Orde,

As the bag closes I write to say that in this morning's paper a telegram from Geneva has appeared stating that Mr. Henderson has requested the delegates of all Powers to submit before April 4th full and definite explanations on their respective disarmament proposals;<sup>3</sup> the statement continues that it is learned on good authority that the Japanese delegation have decided to submit an explanation comprising ten points:—

Among these points are, (point 4) that air bombardment upon any city must be strictly prohibited, (point 7) installation of a landing deck on war-ships other than aircraft carriers must be forbidden, (point 8) abolition of aircraft carriers under certain conditions, (point 9) reduction of aircraft carriers under any conditions and (point 10) limitation of the number of aeroplanes to be carried on board merchant vessels.

It occurs to me that it may be just worth while to write this line to draw attention to the fact (of which, however, I feel sure our authorities at Geneva must already be well aware) that these Japanese suggestions have, of course, a definite purpose behind them, as it is precisely in an air attack from sea that Japan's only point of vulnerability lies. The possibility of American aeroplane carriers based at Honolulu or the Philippines approaching the Japanese coast and there launching fleets of aeroplanes to drop incendiary bombs on closely-packed Japanese towns constructed mainly of wood and

<sup>1</sup> Counsellor in H.M. Embassy at Tokyo.

<sup>2</sup> Date of filing in the Foreign Office.

<sup>3</sup> Mr. Henderson, President of the Disarmament Conference, had recommended at the 7th meeting of the General Commission, held on March 16, that the delegations should be requested to submit such explanations 'in order that the Commission might be supplied with the material in question before work was resumed on April 11th'; see *Minutes of the General Commission*, p. 35.

paper is a nightmare which, no doubt, constantly haunts the Japanese mind; and in these proposals they are, no doubt, thinking primarily of themselves rather than of humanity. In fact, they have themselves been pretty active in the way of bombarding towns from the air in the last several months!

Yours ever

THOMAS M. SNOW<sup>4</sup>

<sup>4</sup> Mr. Mounsey, an Assistant Under-Secretary of State, minuted on this letter as follows: 'Japan's motives are the same as ours, tho' London is not built of paper. G.M. 21.4.32.'

### No. 130

*Sir J. Simon to Sir M. Lampson (Shanghai)*

*No. 49 Tour. Telegraphic [F 2546/488/10]*

*Personal*

FOREIGN OFFICE, *March 23, 1932, 7.45 p.m.*

Your telegram No. 175.<sup>1</sup>

I fully appreciate the force of what you say in regard to the danger of staying too long in Shanghai; but I think you will agree with me that the part you have been able to play there during the last few weeks has been exceedingly valuable. On the whole I think you should stay on there until you feel satisfied that you can leave without detriment to the smooth progress of negotiations. I am quite content to leave to your discretion the decision as to when this moment can be regarded as having arrived.

<sup>1</sup> No. 70.

### No. 131

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 23, 4.30 p.m.)*

*No. 218 Tour. Telegraphic: by wireless [F 2822/1/10]*

SHANGHAI, *March 23, 1932*

My telegram No. 216.<sup>1</sup>

Chinese military representative was to have been Chiang Kuang-nai Commander-in-Chief of forces in Shanghai area. At last moment there was trouble on Chinese side about his appearance as Shirakawa the Japanese Commander-in-Chief was not appearing for the Japanese. At Chinese request conference has accordingly been postponed tentatively until March 24th.

<sup>1</sup> No. 123.

*Sir R. Lindsay (Washington) to Sir J. Simon (Received April 5)*

*No. 495 [F 3153/1/10]*

*Confidential*

WASHINGTON, March 23, 1932

Sir,

I have read with interest your despatch No. 281<sup>1</sup> of March 3rd (F. 1640/1/10) respecting the report communicated by Monsieur de Fleuriau of a conversation between the French Ambassador here and Mr. Stimson. The conversation seems to have touched on two main points—Franco-Japanese relations, and economic sanctions against Japan.

2. For the last three or four months there has been quite a lot of talk in journalistic and official circles of some secret agreement between France and Japan. It is said to have been made in Washington ten years ago when the Naval Limitations and the Nine Power Treaties were being negotiated.<sup>2</sup> The general principle is said to have been that each should lend to the other, if not active support, at least countenance, France for the consolidation of Japanese influence in Manchuria, Japan for the support or furtherance of French influence in the Chinese provinces bordering on Indo China. It is also suggested that the two governments may assist each other in the Disarmament Conference by each agreeing to resist proposals distasteful to the other. I myself have always made light of these rumours. The 'Times' Correspondent, while rather sceptical, tells me he knows that there were serious Franco-Japanese conversations in 1922. Anyhow, at last, just as the Japanese Government were starting their recent enterprise at Shanghai the French Ambassador took action and with the authorization of his Government informed the State Department (on February 1st) that the rumours were untrue—'pure imagination' are the words he is said to have used; and I imagine that French co-operation at Shanghai since that time has been of a nature to confirm M. Claudel's words. Suspicion still lingers however:<sup>3</sup> only two or three weeks ago a Cabinet Minister said to a friend of mine 'it's no use denying it all; I have *seen* the agreement myself!' I have little doubt that some secret service report is going the rounds of the American Departments—just the sort of document most likely to arouse the prurient interest and command the credulity of journalists and Ministers with no first hand experience of how affairs are conducted between States.

3. As to the question of economic pressure on Japan, I have no doubt that Mr. Stimson and the State Department have turned it over in their minds just as you and your Department may have done, but I do not believe that they have thought seriously of any recourse to such measures. When we come to the prestige China might win and to the suggestion that she might

<sup>1</sup> Volume IX, No. 664.

<sup>2</sup> See No. 25, note 7.

<sup>3</sup> Cf. the report of July 9, 1932, of the French delegation to the League of Nations, printed as No. 3 in *Documents Diplomatiques Français 1932-1939; 1<sup>re</sup> Série (1932-1935)*, vol. i (Paris, 1964).

forego [*sic*] her claims to Manchuria, I can only join in the inability of Monsieur de Fleuriau and of Sir V. Wellesley to follow the process of reasoning.

4. It is not easy to report a conversation with Mr. Stimson and to give the correct value to what he says. He speaks indistinctly, and in disjointed phrases; his command of language is not good and he frequently descends into vernacular expressions which are apt to give to his words a quality of violence that is not always intended. In a previous report I once said that Mr. Stimson's French was only on a par with M. Claudel's English, and I am afraid there is a good deal of scope for misunderstanding between them.

I have, &c.,  
R. C. LINDSAY

### No. 133

*Sir E. Ovey<sup>1</sup> (Moscow) to Sir J. Simon (Received April 1)*

*No. 144 [F 3037/2173/10]*

MOSCOW, March 23, 1932

Sir,

With reference to my telegram No. 36<sup>2</sup> of the 5th March, I have the honour to report that Mr. Wang, who is at present in charge of the Chinese Delegation in this country, told me last night that no further developments had occurred in regard to the resumption of diplomatic relations between China and Soviet Russia and that, in his view, there were not likely to be any fresh developments in the immediate future.<sup>3</sup> Mr. Mo Te-hui, the Head of the Delegation, is, he said, at present travelling outside Russia for reasons of health and is likely to be away for about three months.

I have, &c.,  
ESMOND OVEY

<sup>1</sup> H.M. Ambassador at Moscow.

<sup>2</sup> Not printed. It transmitted a Tass message from Tokyo which reported Reuters as stating that a plenary meeting of the Kuomintang had passed a resolution on March 2 to renew diplomatic relations between China and the Soviet Union.

<sup>3</sup> Mr. Ingram (Nanking) had earlier reported to this effect on March 7 in his telegram No. 143 to Peking (repeated as No. 31 to the Foreign Office, received 9.30 a.m. on March 8).

### No. 134

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 13)*

*No. 44 T.S. [F 3404/65/10]*

*Confidential*

SHANGHAI, March 23, 1932

Sir,

I have the honour to transmit herewith a copy of a most useful despatch from His Majesty's Consul General at Shanghai covering copies of two



statements,<sup>1</sup> the first from the Joint Committee of the British Chamber of Commerce and China Association, and the second from the Shanghai General (foreign) Chamber of Commerce, on the subject of the *desiderata*, which, in the view of the British and other foreign residents, should be pressed in connection with any general settlement of the Sino-Japanese conflict round Shanghai. The requirements of the Joint Committee in this respect refer to the necessity for an independent Court, an extension of the area under foreign or semi-foreign control, and a demilitarized zone. The General Chamber in their communication refer only to the need for an independent judiciary.

2. I am in general agreement with the views expressed by Mr. Brennan in his covering despatch, which, in my opinion, deals lucidly and convincingly with the points at issue. I do not propose in this despatch to go over the old ground which has already been fully covered in my telegrams<sup>2</sup> and I will confine myself to the following brief comments.

3. In the first place the writers blame the anti-Japanese boycott and assume that the Chinese are therefore responsible for the present situation. It is, however, obvious that they only begin in the middle of the story, and that to trace cause and effect one must go back to what happened in Manchuria on September 18 last,<sup>3</sup> if not a great deal further back to the events of 1915,<sup>4</sup> or even to a point where origins are lost in the tangled skein of international relations with China at the time of the Russo-Japanese War.

4. In the second place we must, I presume, postulate that there can be no question of our seeking to exploit Japan's military aggression to dictate terms to the Chinese. On this assumption the Joint Committee's *desiderata* are hardly matters of practical politics, since one cannot imagine any Chinese Government or Chinese authority voluntarily conceding such demands; nor indeed is it likely that they would dare do so even if dictated to under threat of coercion. But in any case the fundamental facts remain: (1) that Shanghai is in China; (2) that *we* are in Shanghai for trade and nothing else; (3) that we must be on terms with our customers; (4) that we are thus ultimately dependent on Chinese goodwill; and (5) that the International Settlement is equally dependent on good relations with the Chinese, who can at any moment make the whole position untenable by organised hostility, even of a passive nature, *e.g.* refusal to pay rates, cessation of business, and so on. I am therefore convinced that the path of wisdom remains to keep on terms with the Chinese so far as we can honestly and honourably do so, and firmly to resist all suggestions for exploiting anyone or anything and seeking to seize the opportunity of dictating to the Chinese. In this connection it may be

<sup>1</sup> These statements are not printed. Another copy of Mr. Brennan's despatch with the enclosures was received in the Foreign Office on April 12 under Shanghai formal covering despatch No. 106 of March 22.

<sup>2</sup> See, *e.g.*, Nos. 20, 31, 48, 78, and 112.

<sup>3</sup> See Volume VIII, No. 551.

<sup>4</sup> A reference presumably to the Japanese Government's Twenty-One Demands on China and the Sino-Japanese treaty of May 25, 1915; see *The Sino-Japanese Negotiations of 1915* (Carnegie Endowment, Washington, 1921) and *B.F.S.P.*, vol. 110, pp. 796 ff., respectively.

mentioned that Mr. H. E. Arnhold, who is known to have been in close consultation with Japanese interests, has been returned as a member of the Council of the International Settlement in the recent Municipal elections third from the top of the poll after the two Japanese candidates in circumstances which suggest that, like the two latter, he has enjoyed the organised support of the Japanese vote. In the circumstances, and in view of the prominent part played by Mr. Arnhold as chairman of the Council of recent years and of his business interests in real estate in and outside the Settlement, this is an aspect of the situation which must be remembered.

5. On the other hand it is my duty, and that of His Majesty's Consul General, to protect and promote genuine British interests in Shanghai and I hope it may be possible as opportunity arises to obtain some amelioration in local conditions by friendly agreement with the Chinese and, so far as may be practicable, by inducing the latter themselves to come forward and propose a solution of some of the local difficulties, especially those connected with the policing and extension of Municipal services to the extra-Settlement urban areas. In the former connection the idea recently mooted in Chinese Government circles of a force of special constabulary for the maintenance of peace and order in the Shanghai area is of some interest. As regards the latter, my United States Colleague recently informed me that he had learned from the American Power Company interests that conversations with the Chinese were proceeding satisfactorily; and Mr. Johnson added that he was convinced that these difficulties would solve themselves 'if only people would keep their mouths shut'.<sup>5</sup> I am inclined to agree, and I think that in any case we must work gradually with the material that may from time to time be available, taking the easier problems first, and seeking our solutions as opportunity offers, along the normal lines of common sense British policy the world over. And I am firmly of the opinion that we should be careful to abstain from joining in any attempts to force the Chinese into a round-table Conference, especially one conducted under the threat of Japanese military occupation, and have nothing to do with such a Conference, except in so far as the Chinese may be willing freely to enter it of their own volition.

I have, &c.,  
MILES W. LAMPSON

ENCLOSURE IN No. 134

*Mr. Brenan to Sir M. Lampson*

*No. 147*

SHANGHAI, *March 22, 1932*

Sir,

I have the honour to enclose copies of two letters<sup>6</sup> from the British Chamber of Commerce regarding the measures that local foreign residents would like

<sup>5</sup> Cf. No. 126, penultimate paragraph.

<sup>6</sup> Not printed.

to see introduced in any negotiations for a settlement of the present Sino-Japanese conflict, for the purpose of preventing a recurrence of the dangers through which this city has been passing. One of the letters encloses the statement for which you asked the Joint Committee of the Chamber of Commerce and China Association at your meeting with them on March 9,<sup>7</sup> namely, a statement summarizing the views of the Committee on the above subject for communication to the Foreign Office. The other letter covers a communication from the (foreign) General Chamber of Commerce to the Senior Consul dealing with the same question.

2. It will be seen from this correspondence that, in the opinion of foreign residents, the most important requirements for the future safety and prosperity of their interests are:

- (a) an independent judiciary;
- (b) an extension of the area under semi-foreign control; and
- (c) a demilitarized zone around Shanghai.

3. As these are questions affecting my consular district, you will doubtless wish to have my comments thereon, and since particular stress has been laid on the first of these desiderata, I will deal with it more fully than the others. The charges against the Chinese Courts in the Settlement fall under two heads; the conduct of civil cases and the refusal to administer justice in criminal cases of a political nature. There is no complaint about the ordinary criminal jurisdiction of the Courts, as is sufficiently demonstrated by the reports of the Municipal Advocate, which I have forwarded to you from time to time. In fact, the proportion of convictions in police prosecution is, on an average, well over ninety per cent.

4. As regards the civil jurisdiction, I have no doubt that the Courts do not come up to the best of Western standards. They are Chinese, and quite apart from the corruption and inefficiency inevitable in an oriental administration, the Chinese conception of the proper methods for settling commercial and other disputes between individuals differs widely from ours. As I have pointed out in a previous despatch, the Chinese regard it as the duty of the State to maintain order, but not to intervene more than is necessary in the private affairs of its citizens beyond extracting from them as much as they can be induced to pay in the way of taxation. It is in the Chinese tradition to settle disputes out of Court, by conciliation, arbitration, reference to Chambers of Commerce and other such means, and accordingly the judicial officer does not consider it the essence of his duty to give rapid and definite decisions in questions that come before him for adjudication.

5. But, after all, 'the law's delays' are not unknown elsewhere, and China has no monopoly of judicial corruption and inefficiency. The British merchants, who now complain that their business is hampered by the difficulty of bringing defaulting debtors to justice, would appear to ignore that similar conditions exist for British traders in many countries of the world where

<sup>7</sup> See No. 48, paragraph 6.

extra-territoriality is unknown. Moreover, the gravamen of their charge is not so much the difficulty of obtaining judgment as of securing execution of judgment, and for that the fault does not altogether lie with the Courts. It is to be sought rather in the lack of organization, according to Western ideas, of the commercial life of the nation and in the administration of the country as a whole. It is useless to obtain judgment against a debtor if he has no difficulty, as at present, in removing himself or his assets from the jurisdiction of the local authorities. Much as an honest and efficient judiciary is desirable, and much as I sympathise with the grievances of the British community, I think that the Joint Committee are inclined to exaggerate the Court's importance to British interests in Shanghai. To quote once more from my previous despatch, I would repeat that British trade with China has never depended on the protection to be obtained from the Chinese Courts. In normal times Chinese dealers have a fairly high standard of honesty, but when violent fluctuations in exchange or war conditions cause them to repudiate their contracts, little satisfaction has ever been secured by resort to a law-suit.

6. With regard to the failure to administer justice in criminal cases of a political nature, the Joint Committee refer particularly to the prosecution of persons engaged in the seizure of Japanese-made goods and other activities connected with the anti-Japanese boycott. In such cases the District Court either refused to convict or else inflicted negligible fines, with two years' suspension of sentence, amounting to acquittal.

7. It is true that the failure of the Court and of the local Chinese authorities to protect dealings in goods, which had been legitimately imported and had actually paid Customs dues to the Chinese Government, is indefensible on legal grounds, but whether that state of affairs can be remedied by mere changes in the judiciary is another matter. The fundamental fact is that China's only weapon against external aggression is the economic boycott. It is useless to tell her that her methods of enforcing the boycott offend our Western conceptions of legal propriety, and that she should either trust to the spontaneous refusal of the Chinese to buy the boycotted goods, or else regularize the position by declaring war and passing a 'Trading with the Enemy Act'. The spontaneous indignation of the people will not prevent a large proportion of them from continuing the trade on which their livelihood depends, any more than it did in England during the Great War—whence the necessity for our 'Enemy Trading' legislation<sup>8</sup> and China, for many reasons, cannot afford to declare a legalized state of war. Therefore, she will in such circumstances continue her own method of enforcing the boycott through political organizations, while disavowing it officially.

8. That being the undoubted policy of the government and the people, and the only one from a practical point of view for them to follow, it is useless to expect the judiciary to oppose it. Where one Minister for Foreign Affairs has been nearly killed by a mob of students, and another driven from

<sup>8</sup> Cf. A. C. Bell, *The Blockade of the Central Empires 1914-1918* (H.M.S.O. 1937), pp. 184-8, 310-11, and chapter vi generally.

office for alleged weakness towards the Japanese,<sup>9</sup> it is a good deal to ask of mere judges in the local Court that they should suppress their own natural prejudices and defy the wrath of the people by protecting the trade in Japanese goods. It would be as much as their lives were worth.

9. This, of course, is realized by the Joint Committee, who are, therefore, driven to asking for 'an international Court independent of any official or political influence'. That is to say, a Court with foreign judges appointed otherwise than by the Chinese Government alone. The Committee hope that such a Court would be able to prevent the illegal interference by boycott societies with the trade of a nation that had incurred the hostility of the Chinese; in fact, that it would deprive the Chinese of their one effective national weapon of defence. I think this is a vain expectation. It is not the Court alone that could even attempt to achieve this result. Its decrees would have to be carried out by the executive authority, which in the case of the Settlement, would be the Municipal Police.

10. In the event of another similar Sino-Japanese conflict, the Council, with its Anglo-American constitution and its British-officered police, would, at the behest of the Court, have to undertake the suppression of the anti-Japanese boycott and come into such violent conflict with the preponderating Chinese population as would probably wreck its own existence. Apart from the certain refusal of the Chinese Government to consent to such a scheme, the proposal, when its implications are examined, proves to be neither practical nor desirable. We have had sufficient experience of the friction and abuses engendered by previous Mixed Courts not to desire their revival. The only satisfactory way, indeed I would say the only way, to avoid a boycott by the Chinese is to conduct one's relations with this country in a manner that does not arouse the serious hostility of its inhabitants.

11. Nevertheless, the criticism of the Chinese Courts in the Settlement that has recently appeared in the press will do no harm. The Chinese are now anxious to stand well with the foreign Powers other than Japan, and the exposure of genuine abuses may perhaps bring about some effort towards their removal. An improvement in the administration of justice would be in China's own interests, and if opportunity presents itself, this method of allaying one cause of resentment among foreign residents might suitably be urged upon the government. The engagement of foreign advisers on the lines indicated in the draft of the recently negotiated jurisdiction treaty<sup>10</sup> would perhaps be a hopeful way of approaching the problem.

12. I have more sympathy with the Joint Committee's desire for a solution of the so-called outside roads question, and would like to see some form of agreed Sino-foreign administration extended in the West, at least as far as

<sup>9</sup> The references were to (i) the assault on Dr. C. T. Wang on September 28, 1931, during a demonstration against the Chinese Government's handling of the Manchurian situation (cf. Volume VIII, No. 547, and *The Times*, September 29, 1931, p. 14), (ii) the resignation of Mr. Eugene Chen on January 23, 1932 (cf. Volume IX, Nos. 90 and 126).

<sup>10</sup> The text of this draft extra-territoriality treaty, exchanged on June 6, 1931, between the Chinese Minister for Foreign Affairs (Dr. Wang) and Sir M. Lampson, is printed in Volume VIII, No. 458.

the Railway. The question has been discussed at length in the Feetham report and in a number of despatches which I have addressed to you in the past, and it would serve no purpose to elaborate it at the present moment. I realise, however, that a greater share of Chinese control will eventually have to be admitted than has hitherto been contemplated in any of the schemes put forward on the foreign side for dealing with this problem. The essential thing from the foreign point of view is that the roads should be maintained in good order, that a reasonable franchise should be granted to the public utility companies to function in the adjacent areas, so that the district can be developed in an orderly manner, and that municipal taxation should not be levied by arbitrary and exorbitant methods. We, of course, are now only concerned with the districts immediately adjacent to the Western borders of the Settlement. The Northern and Eastern areas are under Japanese military control, and the Japanese will doubtless settle their difficulties in that direction in their own way.

13. The same, I think, applies to the third desideratum put forward by the Joint Committee, namely, the demilitarization of Shanghai. The only comment I have to offer on the proposal to secure a demilitarized zone under treaty is that in normal times the Chinese garrison stationed in the vicinity of Shanghai has not proved to be a serious danger or nuisance to the foreign Settlements, while in periods of civil war or other disturbance it is doubtful whether the troops concerned would voluntarily observe the agreement to remain at the prescribed distance. The zone could only be enforced by a correspondingly large force of foreign troops. However, it is the Japanese who are demanding a demilitarized area, and I venture to think that they should be left to secure it as best they can.

14. An adequate force is required for the suppression of banditry, but apart from that the fewer Chinese soldiers there are, the better for all concerned. This is recognized by the Chinese themselves, who, in a popular proverb, name flood, drought and soldiers as the three major calamities from which the countryside can suffer.

I have, &c.,  
J. F. BRENNAN

No. 135

*Mr. Garstin<sup>1</sup> (Harbin) to Sir M. Lampson (Peking)<sup>2</sup>*

*No. 20 [F 3238/1/10]\**

HARBIN, March 23, 1932

Sir,

With reference to my telegram No. 41<sup>3</sup> of to-day's date, I have the honour

<sup>1</sup> H.M. Consul-General at Harbin.

<sup>2</sup> A copy of this despatch was received in the Foreign Office on April 7.

<sup>3</sup> Repeated from Peking to the Foreign Office as No. 173 of March 25 (received at 5.30 p.m. the same day). The last sentence read: 'I learn that if Soviet authorities persist in refusing to allow use of Chinese Eastern Railway for further transportation of troops Japanese military authorities contemplate declaration of martial law and taking charge of railway temporarily.'

to report that the relations between the Japanese military authorities here and the Soviet members of the Chinese Eastern Railway Administration are becoming daily more strained in consequence of the reluctance of the Soviet Government to allow any further use of the railway for the transport of Japanese troops eastwards to stations between Harbin and Hailin.

2. In my telegram No. 33<sup>4</sup> of the 29th February, I reported that the Soviet authorities had agreed to place three trains at the disposal of the Japanese military authorities for the transport of their troops to points along the eastern branch of the railway as far as Hailin, but not beyond. On the 3rd March a brigade of Japanese troops left Harbin by rail, and proceeded eastwards, the majority going to Hailun [? Hailin] and Ninguta.

3. The avowed object of this movement was the protection of Japanese lives and property against marauding bands of Chinese soldiers under the nominal command of Generals Ting Chao and Li Tu, who had retreated eastwards after the occupation of Harbin by the Japanese expeditionary force on the 5th February; but the Soviet authorities were not convinced that either the number of Japanese residents along the eastern line—about 250—or the conditions prevailing there, justified the despatch of Japanese troops. They saw, rather, a deliberate attempt by the Japanese military command to establish a base for future operations, close to the Sino-Soviet frontier; and it was only with great reluctance and with a very bad grace that they permitted the use of the railway for a limited number of troops and within a prescribed area.

4. For a short time it seemed that the requirements of the Japanese had been met, and it was reported that their nationals who had quitted Imienpo and other stations, and taken refuge in Harbin, were returning to their homes. The position, however, was not satisfactory, and raids by Chinese troops opposed to the Japanese régime continued to be made on various stations along the eastern line, including Muling, which is east of the line beyond, while<sup>5</sup> the Japanese troops were not allowed to proceed. Negotiations were therefore resumed between the Japanese and Soviet authorities;<sup>6</sup> the Japanese stressing the urgency of the situation and the Soviet authorities maintaining an attitude of scepticism.

5. Up to the time of writing, the consent of the Soviet Government to the despatch of Japanese reinforcements eastwards along the railway has not been received, and preparations are therefore being made to send a considerable force, estimated at 1,500 to 3,000 men, in motor lorries, omnibuses, &c., to Imienpo and other stations.

6. There seems to be no doubt that the Soviet Government have recently sent large reinforcements of troops to the Maritime Province in preparation for any hostile move by the Japanese, who, for their part, are showing some uneasiness at the removal of rolling-stock from the Chinese Eastern Railway

<sup>4</sup> See Volume IX, No. 622.

<sup>5</sup> The text here appears to be corrupt: it should probably read: 'line beyond which the Japanese'.

<sup>6</sup> Cf. Degras, vol. ii, pp. 527-9.

across the Soviet frontier, and the export of abnormally large quantities of grain eastwards by way of Suifenho. The question of the return of the rolling-stock has been taken up with the Soviet vice-president of the railway by the president, Mr. Li Shao-keng, at the instance of the Japanese, and the export of grain has been countered by an order issued by the new Manchurian Government purporting to forbid the export of wheat, flour and kaoliang.

I have, &c.,

C. F. GARSTIN

## No. 136

*Record of a meeting at Shanghai on March 23, 1932, at 12 noon<sup>1</sup>*

[F 4086/1/10]

*Confidential*

SHANGHAI, March 23, 1932

### *Daily Meeting with Colleagues*

Present: H.M. Minister,

The American Minister

The Italian Chargé d'Affaires

(French Minister still absent owing indisposition, M. Baudet attending in his place.)

Mr. Teichman

Sir M. Lampson informed his colleagues that he had asked Mr. Kuo Tai-chi to come round and explain to them the reason for the postponement of the conference on account of the difficulties in connection with the respective positions of the Chinese and Japanese delegates.<sup>2</sup>

Sir M. Lampson then raised a matter to which his attention had been drawn by his Military Attaché and of which the colleagues had been similarly apprised by their Military Attachés. It appeared that the Japanese were complaining that the Chinese were digging trenches on both sides of the Soochow creek and sending out patrols south of Nanziang, inside the Shirakawa line and the line of Japanese outposts. There was grave danger of an incident, as the Japanese had said that if the Chinese did not cease these aggressive acts they would have to take military action.

There was some discussion as to what action the colleagues should take, Mr. Johnson observing that while he was willing to participate in the negotiations he did not wish to become involved in controversies about the Chinese digging trenches and the Japanese flying aeroplanes.<sup>3</sup> It was agreed,

<sup>1</sup> A copy of this record was received in the Foreign Office on May 10, under Shanghai formal covering despatch No. 47 T.S. of March 23.

<sup>2</sup> See No. 131.

<sup>3</sup> In the detailed report of the meeting on March 21 (cf. No. 123, note 7), it was stated that Mr. Shigemitsu had complained about Chinese military movements and that Mr. Kuo had retaliated by referring to 'the Japanese building landing fields at Nanziang' and appealing 'to Mr. Shigemitsu to stop the reconnaissance trips of the Japanese aeroplanes' which Mr. Shigemitsu said was a matter of military necessity.



however, that in the interests of peace they, the colleagues, should pass this information on to Mr. Kuo as a friendly act to inform him of what was going on and what the Japanese said would happen if it were not stopped.

Mr. Kuo Tai-chi then arrived.

Sir M. Lampson explained with the assistance of Colonel Badham-Thornhill what the Japanese were complaining of; Colonel Badham-Thornhill showed a plan and gave the names of the places, adding that the Japanese alleged that this had been going on for some days; Chinese troops in steel helmets were involved, probably of the 88th division. Sir M. Lampson said that he and his colleagues were giving this information to Mr. Kuo because the Japanese intimated that they would take action if the Chinese did not stop their activities. This might start up all the trouble again. He and his colleagues therefore felt justified in bringing the information to the attention of the Chinese side.

Mr. Kuo said he would certainly at once inform his military authorities. At the same time the Chinese side were justified in taking measures for self defence. But they did not wish to do anything provocative. He suggested a visit to the spot by neutral military observers.<sup>4</sup> This suggestion was discussed with special reference to the difficulties and possible dangers to such observers involved. It was finally agreed that Colonel Badham-Thornhill would take the matter up with his colleagues and with General Gaston Wang, with reference to the possibility of their visiting the spot.

Sir M. Lampson said that the real reason for his asking Mr. Kuo to call was to inform them of the reasons for the postponement of the conference. Mr. Kuo said that the position was that they were now waiting for a man to be appointed and arrive to take the place of General Chiang Kuang-nai. General Chiang had been appointed by the Chinese Government to attend the conference on the understanding that General Shirakawa would also attend. On learning that General Shirakawa would not be there, he, General Chiang, had been unable to attend. It was all very unfortunate. General Chiang had even had a new uniform made for the occasion. He, Mr. Kuo, had communicated with Mr. Shigemitsu who had informed him that General Uyeda had been definitely appointed and that there could therefore be no change. It was hoped that the new appointee on the Chinese side would either be someone in Shanghai or that he would arrive by aeroplane so that the conference might open the next day.

Sir M. Lampson said he hoped that the new Chinese appointee would be acceptable to the Japanese, otherwise this sort of thing might go on indefinitely. It was all becoming rather ridiculous. World interest had been aroused in the coming conference and he and his colleagues were sitting there waiting for it to begin. Now things were held up on a matter of punctilio of this kind. Frankly he, Sir M. Lampson, was feeling rather

<sup>4</sup> The Chinese military authorities admitted 'exchange of shots and observation along south bank' of the Soochow creek, but denied 'crossing the river for any purpose whatever'. This was reported by the British Military Attaché at 2 p.m. on March 24, and repeated to the Foreign Office in Shanghai telegram No. 221 Tour (received at 4.15 p.m. on March 24).

peevish about it. Mr. Kuo said he felt the same. He hoped the meeting would open tomorrow. In reply to Sir M. Lampson's enquiry he said that General Tsai Ting-kai, who corresponded in rank to General Uyeda had returned to the front and was not in Shanghai. To tell the truth General Tsai had risen from the ranks and would not perhaps be altogether suitable for the purpose in view. It was hoped that General Chang Chih-Chung, Commander of the 87th and 88th Divisions, would be appointed.

In the course of the ensuing discussion Mr. Kuo adverted to the difficulties of his own position and to the fact that even if peace were made the Chinese side would only then be at the beginning of their troubles, the reconstruction of the devastated areas, the allaying of popular feelings in connection with the presence of Japanese troops in and around the Settlement and so on. Mr. Kuo also referred to the difficulties which he feared would be encountered in the negotiations when it came to the definition of the Japanese positions.

Mr. Kuo then left, Sir M. Lampson reminding him as he went that it was for the Chinese side to fix up directly with the Japanese side all questions of protocol, so that the colleagues would merely wait to be informed that the two parties were ready to open the conference.

The situation report for the day, no change, was adopted.

E. T.      M. W. L.

#### No. 137

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 26, 9 a.m.)*

*No. 222 Tour. Telegraphic: by wireless [F 2852/1/10]*

SHANGHAI, March 24,<sup>1</sup> 1932

My telegram No. 220.<sup>2</sup>

Following principals represented the two sides at conference in His Majesty's Consulate-General on March 24th. Chinese delegates: Kuo Tai-chi (Vice Minister for Foreign Affairs), Lieutenant-General . . .<sup>3</sup> (commanding Shanghai garrison area) and Lieutenant-General Huang-Chiang (Gaston Wang, chief of staff of 19th route army). Japanese delegates: Lieutenant-General Uyeda, Rear-Admiral Shimada, Major-Generals Tashiro and Shirakawa and Japanese Minister.<sup>4</sup> As well as staffs and secretaries of both sides there were also present: United States Minister, Italian Chargé d'Affaires and myself and a representative of French Minister (absent ill) with Mr. Teichman as secretary.

<sup>1</sup> Date of drafting of this telegram.

<sup>2</sup> Not printed.

<sup>3</sup> The text is here uncertain: the reference was to Lieutenant-General Tai Chi.

<sup>4</sup> From the detailed records of the meetings held on March 24 (received in the Foreign Office on May 4 under Shanghai formal covering despatches Nos. 49 and 50 T.S. of March 24, not printed) it is clear that General Shirakawa did not attend and that the text here should read: 'Major-General Tashiro and M. Shigemitsu (Japanese Minister to China).'

2. Japanese side presented new draft text which is contained in my immediately following telegram.<sup>5</sup> Chinese side said they must insist on using agreed draft—see my telegram No. 216<sup>6</sup>—as basis for discussion. This was tacitly acquiesced in by Japanese.

3. Argument opened over preamble. Japanese insisted that definite provision must be made for cessation of hostilities before anything else, and produced Article 1 of their draft. Chinese side argued that, cease fire having long since been ordered by both sides (on March 3rd and 4th respectively) and Chinese troops having withdrawn to positions that were now to be fixed, all that was necessary was to define the positions and arrange details of Japanese withdrawal, when troops of both sides would be effectively separated and cessation of hostilities automatically rendered definite.

4. After discussion between the two sides had proceeded along these lines for over an hour I suggested splitting up original preamble into two articles, the first providing for cessation of hostilities and the second dealing with Japanese withdrawal.<sup>7</sup> Chinese at once accepted this and Japanese eventually agreed to discuss the first article dealing with cessation of hostilities on these lines, but insisted that they must add substance of Article 1 of their document regarding suppression of plain clothes gunmen and abstention from acts likely to 'injure the honour of the other or agitate the public sentiment.' Chinese side refused to discuss either of above subjects on the grounds that they were outside questions, the latter of a political nature, that it had been definitely agreed that apart from agreed agenda no other questions of principle would be raised, that their authority was limited to discussion of agreed agenda which merely meant defining Chinese positions and regulating details of Japanese withdrawal and that Chinese army had no connexion with gunmen, and could in any case not be responsible for control of lawless elements in *evacuated* area, which was the business of the police.

5. Discussion of these points continued for the rest of the morning and meeting adjourned for lunch without much progress having been made. When I suggested leaving these matters on which agreement could not apparently be reached here and proceeding with other items, Japanese Minister insisted that this lengthy exchange of views between military representatives on each side was necessary and must continue. (He afterwards told me privately he was anxious that his own military should thus realize for themselves what the difficulties were).

6. When we resumed in the afternoon the same arguments about plain clothes gunmen and hostile agitation were continued for another two hours, the Japanese insisting that these points were of fundamental importance and Chinese refusing to discuss them, as being outside the scope of agreed agenda.

<sup>5</sup> No. 141.

<sup>6</sup> No. 123.

<sup>7</sup> In the detailed record of this meeting Sir M. Lampson's redraft of the preamble read: 'Article I: The Japanese and Chinese authorities having already ordered the cease fire, it is agreed that the cessation of hostilities is rendered definite as from . . . [sic].

'Article II: It is further agreed that the withdrawal of the Japanese forces shall be regulated in accordance with the following provisions.'

At length we reached point where Japanese side proposed to break off conference to give time for further consideration. Chinese pointed out that it would be regrettable to have a suspension on points outside agreed agenda. I and my colleagues had all this time been seeking to find common ground between the two sides and I now intervened by proposing following formula for Article 1.

7. 'The Japanese and Chinese authorities having already ordered the cease fire, it is agreed that cessation of hostilities is rendered definite as from ;<sup>8</sup> the forces of the two sides will, so far as lies in their control cease from all hostile acts. In the event of doubts arising in regard to cessation of hostilities situation in this respect will be ascertained by representatives of participating friendly Powers.'

8. Chinese accepted this after a show of bargaining. Japanese studied it for a long time and after being assured that it covered essence of their draft Article 1 said that Chinese<sup>9</sup> seemed very close to their point and that they would consider it against next meeting.

9. We then passed to next article regarding Chinese troops remaining in their positions pending later arrangements. Japanese wished to transfer last sentence (ascertaining of positions by representatives of friendly Powers) to annex defining positions. Chinese acquiesced.<sup>10</sup> Chinese side then raised new point in pressing for deletion of words 'pending later arrangements' in the first sentence, on grounds that it would give rise to impression that permanent restrictions were placed on freedom of movement of Chinese troops in Chinese territory and that Chinese troops were to be permanently pinned to the positions. This was delicate ground.<sup>11</sup> Japanese refused to

<sup>8</sup> Thus in the original.

<sup>9</sup> This word should presumably read 'formula' as in the detailed record received later.

<sup>10</sup> The detailed record here contains the following passage not referred to in the telegraphic account: 'General Uyeda asked the Chinese side whether they were prepared to define their positions. Before General Tai Chi could answer, Mr. Kuo said he felt rather doubtful about defining the Chinese positions at the present stage. These matters might be military secrets. In view of the slow progress being made in the negotiations it might prove undesirable to give this information at the present stage. The Chinese side could have the definitions of their positions all ready for communication when the agreement had reached the point of signature. In the meanwhile there would of course be no change in these positions. But all this was a point for his military authorities to consider. General Tashiro again invited the Chinese side to show their positions. General Tai Chi replied that he was agreeable to do so in order to show their sincerity. The Chinese side then began to get out their maps but in the meantime the conversation turned to another point so that there was no time that afternoon to proceed with the definition of the Chinese positions.'

<sup>11</sup> The detailed record here states that it was 'apparent that Mr. Kuo was somewhat embarrassed and did not quite know on what lines to conduct his argument, since it was useless to suggest to the Japanese that the Chinese troops would only remain in their present positions as long as they chose to do so'. In a later survey of these negotiations (Shanghai despatch No. 94 T.S. of April 15, received May 18; not printed) Sir M. Lampson recorded in this connexion: 'I, and my colleagues, and not improbably also the Chinese, well knew that the Japanese had the demilitarisation of the Shanghai area in mind and planned to keep the Chinese troops in their positions beyond the 20 kilometre zone until they, the Japanese, were able, through the proposed round-table Conference or by other means, to make some permanent arrangement to that end.'

consider any change in wording of agreed agenda on grounds that there should be no departure from what had already been accepted in preliminary negotiations (though they themselves had cut the preamble to pieces and introduced much new matter, as Chinese side were quick to point out). After further prolonged argument when deadlock had again apparently been reached I intervened once more in consultation with my colleagues and proposed following formula:—

‘During cessation of hostilities, and pending a final settlement, Chinese troops will remain in their present positions’. Both sides agreed to consider this.

10. Meeting then adjourned until 10.0. a.m. March 25th.

11. Experience of to-day’s conference is not encouraging. Both sides haggled *ad infinitum* over comparatively minor points and I shudder to think what will happen when we get on to really contentious ground of ‘temporary’ accommodation of Japanese troops outside Settlement. Chinese delegate made no disguise to my colleagues and myself that he thought agreement on that vital point extremely unlikely. I share his view.

Repeated to Peking, Mission and Tokyo.

#### No. 138

*Sir J. Simon to Lord Tyrrell<sup>1</sup> (Paris)*

*No. 671 [F 2842/1/10]*

FOREIGN OFFICE, *March 24, 1932*

My Lord,

M. de Fleuriau explained to me this morning that, though the French Government had received a notification of the setting up of a new Government in Manchuria, it was not the fact (as had been suggested by certain reports from Mukden) that it had acknowledged the receipt of the notification, still less that it had offered its congratulations to the new Government.

I thanked the Ambassador for his information, and observed that the British Government had taken exactly the same course as the French Government and had not replied to the notification at all.<sup>2</sup> I had stated in Parliament<sup>3</sup> that it would be quite premature to consider any question of recognition, and, indeed, both France and ourselves had to bear in mind our obligations under the Nine-Power Treaty.

I am, &c.,  
JOHN SIMON

<sup>1</sup> H.M. Ambassador at Paris.

<sup>2</sup> See 263 *H.C. Deb.* 5 s., cols. 927–8, March 22.

<sup>3</sup> Cf. No. 127, note 3.

No. 139

*Mr. Hutchison<sup>1</sup> (Harbin) to Sir J. Simon (Received April 18)*

*No. 22 Overseas Trade B [F 3478/2362/10]*

HARBIN, March 24, 1932

Sir,

With reference to my despatch in this series No. 17 of the 11th instant,<sup>2</sup> I have the honour to report that on making enquiries yesterday I was informed by the agent of the Commercial Union Assurance Company that he had been unable to obtain an interview with Mr. Sato, the Japanese 'adviser' in the local branch of the Eastern Provinces Bank, but that the manager of the bank had telephoned to say that though the policies in question would not be renewed some portion of the bank's future insurance would be placed with his company. The agent added that his comprodore had informed him that this modification of the bank's attitude was the result of instructions received by the 'adviser' from the Japanese authorities consequent on my enquiries of the Japanese Vice-Consul as to the identity and status of this functionary.

2. Whether the bank will in fact continue to place some portion at least of its insurance with other than Japanese companies remains to be seen, but the modification in its attitude is satisfactory in so far as it tends to show that the Japanese in authority here may be anxious to avoid action which would be looked upon as an attempt to close 'the open door'.

3. Copies of this despatch have been sent to the Commercial Counsellor in Shanghai, the Commercial Secretary in Peking, and to His Majesty's Consuls-General at Harbin and Mukden.

I have, &c.,  
J. C. HUTCHISON

<sup>1</sup> Mr. J. C. Hutchison was Commercial Secretary in H.M. Consulate-General, Harbin.

<sup>2</sup> Printed as enclosure in No. 240 below.

No. 140

*Letter from Mr. Orde to Mr. Sawada<sup>1</sup>*

*[F 2843/38/23]*

FOREIGN OFFICE, March 24, 1932

My dear Sawada,

In the absence of Sir Victor Wellesley, I write to say that the question of the proposed visit of the Japanese training-ships to Singapore, about which you spoke to me on March 19th and the Ambassador to Sir Victor yesterday, has been given the most careful and urgent attention in consultation with the Governor of the Straits Settlement.

<sup>1</sup> First Secretary in the Japanese Embassy in London.

We realise the importance attached on various grounds to the visit taking place and we are of course most anxious both to cause no inconvenience to the Japanese Government and to avoid anything that may be misinterpreted in Japan. His Majesty's Government have, therefore, decided in view of the Ambassador's representations to inform the Governor that the objection, originally taken to the visit, is being waived. At the same time in view of the serious apprehensions felt by the Governor and his advisers as to the feeling which may be aroused by the visit among the Chinese population, it is felt necessary to ask that it shall not be treated as an official visit but merely as one for the purpose of replenishment of fuel and other stores, and that there shall be no landing of Japanese person[n]el unless by permission of the local authorities in the light of the conditions obtaining at the time of the visit. We feel sure that these conditions will be understood by the Japanese Government, since it must be the desire of us all that the risk of any unpleasant incident shall be minimised and the anxieties and responsibilities of the local Government cannot be disguised.

I shall be obliged if you will be so kind as to inform the Ambassador of what is stated above. We trust that in the difficult circumstances it will be agreeable to the Japanese Government.<sup>2</sup>

C. W. ORDE

<sup>2</sup> In his reply of March 29, Mr. Sawada said that the 'conditions set out' in Mr. Orde's letter were regarded as satisfactory by the Japanese Government and that instructions had been given 'to the commanding officer of the training ships to consult the Government of the Straits Settlements as to the landing of their personnel'.

## No. 141

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 25, 6 p.m.)*  
*No. 223 Tour. Telegraphic: by wireless [F 2847/1/10]*

SHANGHAI, March 25, 1932

Following is text<sup>1</sup> referred to in my immediately preceding telegram.<sup>2</sup>  
 Begins:

Draft agreement for the cessation of hostilities between Japan and China. The authorities of the Japanese and Chinese forces have agreed upon and concluded the following agreement.

Article 1. The Japanese and Chinese forces shall cease all hostile activities (including the activities of plain clothes gunmen) from <sup>3</sup> a.m. or <sup>3</sup> p.m. on March <sup>3</sup> 1932.

During the cessation of hostilities both the Japanese and the Chinese forces [? shall] refrain from all such actions as may injure the honour of the other or agitate the public sentiment.

Article 2. The Chinese troops will remain in their present positions pending later arrangements.

<sup>1</sup> See also *F.R.U.S.* 1932, vol. iii, pp. 625-7.

<sup>2</sup> No. 137.

<sup>3</sup> Thus in the original.

The aforesaid positions are indicated in annex attached hereto.

Article 3. Japanese troops will withdraw to the International Settlement and the extra-Settlement roads in the Hongkew district as before the incident of January 28th 1932. It is however understood that, in view of the number of Japanese troops to be accommodated, some will have to be stationed temporarily in localities adjacent to the above-mentioned areas.

The aforesaid localities are indicated in annex 2 attached hereto.

Article 4. Joint commission including members representing participating friendly Powers will be established to certify the mutual withdrawal.

The aforesaid commission will also collaborate in arranging for the transfer from the evacuating Japanese forces to the incoming Chinese police.

The constituted<sup>4</sup> procedure of the aforesaid commission will be defined in the annex 4 attached hereto.

Article 5. The Japanese and the Chinese forces may carry on reconnaissance by aeroplanes over such points as may be considered necessary in order to watch the performances of the provisions for the cessation of hostilities.

The aeroplanes to be used in the aforesaid reconnaissance shall bear the following marks, namely for Japanese aeroplanes       <sup>3</sup> for Chinese aeroplanes       <sup>3</sup>

Article 6. In event of either the Japanese or Chinese forces infringing any of the terms of the present agreement the other shall have no obligation to comply with the same agreement.

Article 7. The present agreement shall come into force on the day of the signature thereof.

The present agreement is made in duplicate in both the Japanese and Chinese languages.

Annex (1) the withdrawal of Japanese troops to the localities indicated in annex 2 will be commenced within one week of the coming into force of the agreement.

Should there be any invalids or sick horses that cannot be withdrawn at the time of the evacuation, they may be detained at their positions together with an ambulance corps (accompanied by some guard) the Chinese authorities shall give protection to the above.

(2) The Chinese authorities shall station in the areas evacuated by the Japanese troops a force of special constabulary stipulated in the second paragraph of article 4 of the agreement within       <sup>3</sup> days of the signature thereof.

Annex re joint commission: same as original.

Separate declarations by the Chinese Government: same as original except for substitution of word 'declare' for word 'intimate'.<sup>5</sup> Ends.

Repeated to Peking and Mission.

<sup>4</sup> This should have read: 'constitution and procedure'.

<sup>5</sup> In the detailed record of the fifth Sino-Japanese conference, held on March 26, [F 3950/1/10] it is recorded that: "The Japanese side explained that the insertion of the word "declare" in their draft for the word "intimate" had been due to a clerical error."



*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 27, 9.30 a.m.)  
No. 230 Tour. Telegraphic: by wireless [F 2855/1/10]*

SHANGHAI, March 25,<sup>1</sup> 1932

My telegram No. 227.<sup>2</sup>

Following is account of proceedings of conference of March 25th.

2. When meeting opened<sup>3</sup> Japanese side said they desired to reserve for further consideration new formula for article 1 (see paragraph 7 of my telegram No. 222).<sup>4</sup> Meeting then passed to consideration of next article (now article 2) regarding positions of Chinese troops. Chinese side raised the same point as on previous day (see paragraph 9 of my telegram No. 222). Chinese delegates said they were willing to leave original wording unchanged subject to the following understanding: 'China accepts phrase *pending later arrangements* on the understanding that it does not imply any restriction upon right of Chinese government to move its troops freely within Chinese territory upon resumption of normal conditions in the areas dealt with by this agreement.' Chinese delegates explained their position in the same sense as on the previous day; they admitted armistice arrangements involved certain measure of restriction but it must be made quite clear that there was no question of permanency. There could be no compromise on this. Japanese side refused to agree to Chinese reservation which they claimed altered entirely meaning of the phrase. Deadlock having been reached I suggested alternative formula for Chinese reservation 'it is understood that this agreement does not imply any permanent restrictions on the movements of Chinese troops in Chinese territory'. At Chinese request it was decided to reserve this point for later consideration.

3. Meeting then proceeded to define Chinese positions. Sub-committee

<sup>1</sup> Date of drafting of this telegram. Detailed records of the meetings held on March 25 were received in the Foreign Office on May 4 under Shanghai formal covering despatches Nos. 51 and 52 T.S. of March 25.

<sup>2</sup> Not printed.

<sup>3</sup> The detailed record reports that: 'Before the negotiations commenced Mr. Kuo communicated to Mr. Shigemitsu a telegram which he had received from the Minister for Foreign Affairs stating that General Lu Ti-P'ing, the Governor of Chekiang, had reported that on the morning of March 21 at 10 a.m. a Japanese aeroplane had flown over Hangchow and fired some shots; fortunately no one had been hit; the aeroplane had then left in the direction of Shanghai. The telegram from the Waichiaopu went on to say that frequent protests had already been made against these reconnaissance flights and bombing raids of Japanese aeroplanes, and requesting that the attention of the Japanese Minister be drawn to this last incident. Mr. Kuo also communicated a message from the headquarters of the 19th Route Army stating that at 9.30 a.m. on March 24 Japanese patrols had advanced towards Taitsang, and on reaching Hsi-mu-ch'iao, had opened fire, wounding two Chinese soldiers; the Japanese patrols had returned in the afternoon.'

'General Tashiro said that the Japanese side had a good deal to say about this affair, but they wanted to get on with the business in hand. As regards the aeroplane flight, the facts were not entirely as stated by the Chinese; a Japanese plane had made a reconnais[s]ance flight but had not opened fire.'

'Sir M. Lampson suggested that it was desirable to get on with the business of the conference. General Uyeda and the Chinese delegates agreed.'

<sup>4</sup> No. 137.

was appointed of military representatives of each side to work out positions in detail in conjunction with our own four military attachés. As a result, Chinese line was defined as running from Suchow Creek due south of Anting town, along west bank of the creek immediately east of Anting to Wanghsienchiao, thence north across the creek to a point [north]<sup>5</sup> 4 kilometres east of Shatow and north-west up to and including Hupekou on the Yangtse.

4. Meeting then turned to article dealing with withdrawal of Japanese troops (now article 3). Chinese delegate raised the point which he had brought up at meeting of March 21st (see my telegram No. 216)<sup>6</sup> and pressed for insertion of sentence 'in accordance with definite programme regulating withdrawal'. Japanese objected to any change being made. Chinese delegate, referring to what had passed at the meeting of March 21st pointed out that this addition represented second half of preamble of agreed agenda which had been split into two (see paragraph 4 of my telegram No. 222). Neither side would give way and point was held over.

5. Meeting turned to discussion of programme of Japanese withdrawal which Japanese side said was contained in annex to their new draft (see my telegram No. 223).<sup>7</sup> In reply to Chinese enquiry, Japanese said they would take maximum of 6 weeks to complete first stage of withdrawal (to 'localities adjacent' to the settlement and Hongkew roads). Chinese objected that this was too long and that withdrawal should be begun earlier than one week from enforcement of agreement. Long discussion ensued but eventually this clause was accepted.

6. In next paragraph of annex dealing with case [?care] of invalids etc. Chinese refused to agree to presence of Japanese guards in evacuated area. After wearisome discussion I suggested formula under which joint commission would make necessary arrangements for care of any invalids left behind etc.<sup>8</sup> This was reserved for later consideration.

7. Conference resumed its session in afternoon. Chinese side refused to agree to last paragraph of Japanese annex regarding policing of evacuated area on the grounds that it was making a condition of a matter which they were only willing to deal with voluntarily, referring to their declaration regarding special constabulary. Japanese insisted that provision must be made against any possible gap between evacuating Japanese forces and incoming Chinese police. After usual lengthy discussion I suggested as a compromise the addition to second paragraph of article regarding joint commission of words 'who will take over as soon as Japanese forces withdraw'. This was reserved for later consideration.

<sup>5</sup> Added from the description of the Chinese line in the Annex to the detailed report.

<sup>6</sup> No. 123.

<sup>7</sup> No. 141.

<sup>8</sup> In the detailed record this formula read: 'The joint commission to be established under Article [blank] will make any necessary arrangements for the care and subsequent evacuation of any invalids or injured animals that cannot be withdrawn at the time of the evacuation. These may be detained at their positions together with the necessary medical personnel. The Chinese authorities will give protection to the above.' It appears from that record that the formula was suggested during the afternoon meeting.

8. Up to this point conference had after two days work made fair progress on minor points. Little or nothing had been definitely agreed outside of original agreed agenda but I and my colleagues had been able to resolve each succeeding deadlock on outside points raised by one side or other by suggesting compromise *formulae* which should lead to agreement if solutions of main problems are arrived at. Conference now reached these main problems which revealed themselves (as was expected) as 1. Refusal of Japanese to agree to a time table regulating completion of withdrawal and reversion to *status quo ante* of January 28th in accordance with principle enunciated in first sentence of article dealing with withdrawal and 2. Definition of 'localities adjacent' to settlement and Hongkew roads in which Japanese troops were to be 'temporarily' stationed.

9. As regards first of above points Chinese argued that time limit for completion of withdrawal was an essential part of any settlement in accordance with League resolution of March 4th and agreed agenda. Japanese refused absolutely to agree to any time limit and insisted that final withdrawal from 'localities adjacent' must depend on future conditions i.e. if conditions improved they would be able to reduce numbers of Japanese troops and thus withdraw (? within) settlement.

10. As regards second point sub-committee was appointed to define 'localities adjacent' with assistance of military attachés of four friendly powers as in case of definition of Chinese positions. This sub-committee reported to main conference in the evening through British Military attaché as follows. Japanese representative being requested to define localities had presented following line Shihtzelin (Paoshan forts on Yangtse)–Yanghang–Taziang–Chenju,<sup>9</sup> Japanese forces to occupy areas east of this line. Chinese representative objected and no agreement could be reached.<sup>10</sup> On conference receiving this report chief Chinese delegate pointed out that proposed Japanese line was a big departure from terms of agreed agenda and that by no stretch of imagination could these areas be described as 'localities adjacent' to settlement and Hongkew roads. In view of increasing divergence of view on these essential points and wide departure from agreed agenda involved in Japanese (? proposals) Chinese delegate saw no object in continuing negotiations and he proposed to report to his government for instructions and to report to League in that sense. Japanese Minister urged sub-committee and conference to continue their work in hope of reaching common ground. To avoid rupture I and my colleagues appealed to chief Chinese delegate to continue. He reluctantly agreed and conference will meet again tomorrow morning March 26th.<sup>11</sup>

<sup>9</sup> In a copy of the report of the Military Sub-Committee's meeting on March 25, received in the Foreign Office on May 4 under Shanghai covering despatch No. 52 T.S., *op. cit.*, the Japanese line was described as : 'Tse-tse-lin forts–Yang-hang–Tai-tsang–Chengju.'

<sup>10</sup> In a later despatch (No. 94 T.S. of April 15: cf. No. 137, note 11) Sir M. Lampson recorded: 'The presentation of this report dealt an almost shattering blow to the Conference.'

<sup>11</sup> In the detailed record the following paragraph occurs here: 'At the end of the meeting General Tai Chi addressed General Uyeda and said that they had now had several meetings and made little or no progress. The Chinese delegates had come into the conference with

11. Outlook certainly cannot be said to be promising and essentially the Chinese are right in regard to Japanese claim to so large [an] area which certainly does not agree with League resolution. I was faced with alternative of saying so or responding to the obvious desire of Japanese Minister to play for time and possibility of some acceptable compromise being elaborated over Japanese line. In the circumstances I formed definite opinion that I was justified in pressing Chinese side to continue discussions and in this was backed by United States Minister.<sup>12</sup> But if Japanese side do not modify their attitude very considerably I do not see how Chinese side can possibly accept. In which case I and my colleagues may have to speak out and make clear that we do not consider Japanese attitude is reconcilable [*sic*] with League resolution of March 4th or agreed basis of present discussions.

Repeated to Peking, Mission and Tokyo.

all sincerity, and if such sincerity were shown on both sides, they should be able to reach a solution. Hitherto many of the Japanese proposals had been very different from the agreed agenda. General Uyeda replied that the Japanese side had also been working very sincerely and doing their best to achieve the objects of the conference. Difficulties had been made on the Chinese side. Nevertheless the Japanese side had maintained their limited objectives and their sincere attitude. If the Chinese would continue the negotiations in a sincere spirit he hoped that the conference would be able to achieve results.'

<sup>12</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 630-1.

### No. 143

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 27, 9 a.m.)*

*No. 180 Telegraphic [F 2860/1/10]*

*Confidential*

TOKYO, March 27, 1932, 3 p.m.

I learn from a trustworthy source<sup>1</sup> that Japanese government decided definitely to leave League of Nations if Article 15 were applied to Manchuria.

There has been a new agitation in press against League of Nations the last few days and I understand this decision was taken for fear of internal movement of fascist nature directed against government. But decision was in any case inevitable sooner or later in view of fixed determination of Japanese government ever since last September to allow no outside interference in Manchurian dispute.

Repeated to Shanghai.

<sup>1</sup> Cf. No. 162 below.

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 27, 5 p.m.)*  
*No. 232 Tour. Telegraphic: by wireless [F 2862/1/10]*

SHANGHAI, March 27, 1932

My telegram No. 231.<sup>1</sup>

Following is report of conference proceedings of March 26th.

2. After it had been agreed that sub-committee of military representatives and foreign military attachés should continue separately but concurrently their work on definition of the outside 'localities' in which the Japanese troops were to be temporarily stationed, the main conference took up Article 3 of original agreed agenda and attached annex concerning establishment of joint commission.<sup>2</sup> Both articles [*sic*] and annex were adopted without change.

3. Japanese side then raised Article 5 of Japanese draft concerning reconnaissance flights of aeroplanes.<sup>3</sup> Chief Chinese delegate objected that this was new matter and therefore unacceptable, and that provision had already been made in agreed agenda for watching execution of agreement by neutral representatives and joint commission.<sup>4</sup> After discussion, in which both sides maintained their standpoints, I suggested that matter be left to joint commission. Chinese objected because Commission included Japanese. Eventually I proposed following formula to be added as third paragraph to annex defining functions of joint commission. 'The Commission may in accordance with its decisions invoke the assistance of representatives of participating friendly Powers in arranging for reconnaissance by aeroplanes over such points as may be considered necessary in order to watch the performance of provisions for cessation of hostilities'. This was accepted by both sides for further consideration later on.

4. Japanese side then raised Article 6 of their draft, providing that if either side infringed agreement the other would be under no obligation to comply with it. Chinese again objected strongly to this as introducing more new matter and made point that whole tenour of Japanese draft was to turn proceedings into negotiations primarily for cessation of hostilities and to ignore their equally important objective, the regulation of withdrawal of

<sup>1</sup> Of March 26 to the Foreign Office (received 5 p.m.), not printed. It remarked that 'rather better progress' had been made on the morning of March 26, and that in the sub-committee the Japanese were showing 'some inclination to modify their first demands'.

<sup>2</sup> See No. 118.

<sup>3</sup> See No. 141.

<sup>4</sup> The detailed record of this meeting (received in the Foreign Office on May 4 under Shanghai formal covering despatch No. 53 T.S. of March 26) reported that the Japanese delegate, Lieutenant-General K. Uyeda, here 'said that although this matter of the aeroplanes had not been included in the agreed agenda, it was not against the spirit of the latter. The joint Commission was not a permanent body and could not be permanently responsible for certifying and supervising the withdrawal arrangements for ever. As for misunderstandings, he feared that if the point were not covered in the agreement, greater misunderstanding would be created in the future.'

Japanese troops on which cessation of hostilities depended, as emphasized in League resolution and agreed agenda. Discussion on these points between Chief Chinese delegate and Japanese Minister threatened to become heated, until I intervened and suggested that Article in question was in fact unusual in form and substance and that it might well be dropped.<sup>5</sup> Japanese side eventually agreed to consider its deletion.

5. Article 7 of Japanese draft (agreement to be signed in Japanese and Chinese) was next raised. Chinese side wanted agreement to be signed in English. I pointed out that the four friendly Powers were concerned in certain of its provisions and suggested that there should be an English ruling text. This was accepted.

6. Chinese declaration regarding organization of special constabulary was passed without change, chief Chinese delegate reminding meeting of what he had said on March 21st i.e. that he offered this declaration provided his point regarding insertion in Article 2 of original agenda of a sentence referring to regulation of withdrawal was met, see paragraph[s] 2 and 3 of my telegram No. 216.<sup>6</sup>

7. This finished our preliminary work on points other than definitions of Chinese word 'positions' and Japanese word 'localities' and it was agreed that I should have prepared new draft embodying all the new ground and various formulae which had been tentatively accepted for later consideration. Conference will meet again on March 28th to consider this new draft. Meanwhile military sub-committee would continue their work on definitions of positions and localities. Chief Chinese delegate made reservation that it would be useless for Conference to continue if sub-committee were unable to make any progress with definition of Japanese word 'localities'.<sup>7</sup>

<sup>5</sup> The detailed record here further reports: 'Sir M. Lampson said he thought it would really be better to delete the Article. Mr. Shigemitsu took the line that it should at least be discussed.

'General Uyeda again emphasised that no special meaning was to be attached to the Article. It was simply meant to certify that the agreement was kept by both sides. The agreement dealt both with cessation of hostilities and withdrawal. He thought that the inclusion of the Article was perfectly logical. It was really not worth all the discussion and opposition it had created. He thought that it was quite natural that if one side did not keep the agreement, some sort of punishment must follow. Mr. Kuo replied that this Article, taken in conjunction with the rest of the Japanese draft, revealed that the Japanese interpretation of the negotiations differed fundamentally in spirit and substance from the terms of the resolution and the agreed agenda.

'Sir M. Lampson suggested that the point at issue was really already covered by the provisions in the agreed agenda for the assistance of the representatives of the friendly Powers. General Uyeda said that he understood Sir M. Lampson's idea, and he was prepared to meet Sir M. Lampson's suggestion, but he wanted his fundamental point of view not to be misinterpreted.

'This was taken to mean that General Uyeda would consider the deletion of the Article in question.'

<sup>6</sup> No 123.

<sup>7</sup> The detailed record here reports: 'There was a discussion as to what should be given out to the press. A communiqué was accepted in the sense that agreement had been reached regarding the constitution and functions of the joint commission, that the sub-committee on

8. Military Attaché's report on today's<sup>8</sup> proceedings of sub-committee will follow later.

Repeated to Mission, Peking and Tokyo.

military definitions were continuing their discussions regarding the details of mutual withdrawal, and that the main conference had adjourned over the weekend.

'Mr. Kuo said that he would like it to be understood that if the sub-committee made no progress it would be no good the conference meeting again.

'Mr. Shigemitsu complained of details regarding the previous days negotiations which had appeared in the Chinese press that morning, including particulars of the Japanese proposals in regard to their positions. A discussion ensued about the giving out of news. Mr. Kuo explained the Chinese attitude. The conference was not a secret one. It was being conducted before the eyes of the world and the special committee of the League of Nations. The public should know what was going on. He was not aware of any commitment to secrecy. At this point the discussion threatened to become acrimonious. Sir M. Lampson intervened by pointing out that the object of both sides should surely be not to give out anything which would prejudice the negotiations or make matters worse.'

<sup>8</sup> i.e. March 26, the date of drafting of this telegram; see No. 145.

### No. 145

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 27, 5.45 p.m.)*

*No. 234 Tour. Telegraphic: by wireless [F 2863/1/10]*

SHANGHAI, March 27, 1932

Following is summarized account by Military Attaché of sub-committee's proceedings of March 26th.

2. Meeting opened with Japanese explaining their reasons for wishing to remain on the line given out the previous evening.<sup>1</sup> Reference to strictly military side of the problem resulted in General Tashiro being asked to give the number of troops, guns etc., they wish to retain in the proposed area.

Numbers given were: 50,000 troops, 5,000 horses, 150 guns (all calibres up to 150 millimetres).

3. These figures are probably exaggerated for bargaining purposes and as such were accepted by the neutral representatives.

4. The Chinese delegate stuck throughout to his point that nothing less than withdrawal complying with the terms of Article 2 of agreed agenda would be acceptable to the Chinese. Further conversation and attempts by the neutral Military Attachés and especially Colonel Badham-Thornhill to reconcile the views resulted in the Japanese delegate indicating the areas, *not a line*, to which the Japanese army might withdraw. Drawing rough circles, the areas indicated were Woosung, Kiangwan, Chapei, and an area outside the north east corner of the Settlement covering the present aeroplane base.

5. This improvement in the situation gave no pleasure to the Chinese; they refused to budge explaining that all except the last area could not in any sense be termed 'localities adjacent to above mentioned areas' as defined

<sup>1</sup> See No. 142, note 9.

in Article 2 of agreed agenda. Suggestion by neutral representatives that each area might be considered separately on its own merits to see if any compromise was possible resulted in the Japanese agreeing to give up fort areas of Paoshan and Woosung but no modification of conditions could be extracted from either side over Chapei or Kiangwan areas.

6. Deadlock ensued, General Tashiro declaring that it seemed useless going on if the Chinese continued their stone wall tactics.

7. On the suggestion by neutral representatives that time for thought might be useful both sides eventually agreed to meet again on Monday<sup>2</sup> morning, before reporting deadlock to main Conference.

8. The outlook cannot be said to be promising but there is just a hope that the Chinese may agree to a Japanese withdrawal to area east of Woosung railway between the Settlement and wharf at Changhuapang including the latter, provided the Japanese will agree to an intermediate further withdrawal within a certain time limit. Chapei is the chief stumbling block.<sup>3</sup> Negotiations proved that Japanese are especially concerned about this area while the Chinese are equally determined to get them out as soon as possible.

Repeated to Peking, Mission and Tokyo.

<sup>2</sup> March 28.

<sup>3</sup> In the full report of the Military Sub-Committee's proceedings on March 26 (received in the Foreign Office on May 4 as enclosure in Shanghai despatch No. 57 T.S. of March 26) it is recorded, in this connexion, that General Huang Ch'iang, the Chinese representative, stated that because of the great number of Japanese troops 'some must be temporarily located in areas outside the Settlement' but that he 'definitely rejected Chapei, as it commands the communications with Nanking, and contains a large number of inhabitants and destroyed homes, and he doubted whether very many soldiers could be accommodated in that area. He said the people wanted to go back to Chapei and rebuild their homes; that there were nearly a million Chinese in that area; and that it would not be appropriate to have Japanese troops stationed therein.'

## No. 146

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 28, 2.25 p.m.)*  
*No. 181 Telegraphic [F 2865/1/10]*

TOKYO, March 28, 1932, 8.12 p.m.

Sir M. Lampson's telegram No. 234.<sup>1</sup>

I urged Minister for Foreign Affairs this afternoon to try to get instructions sent to Japanese delegates to stop haggling over details regarding 'localities' since it was evident that they had no practical importance. Japanese military strength was such that it was immaterial where their troops were temporarily stationed.

Minister for Foreign Affairs whilst agreeing generally said it was difficult to interfere with the military in what was a military question.

Repeated to Shanghai.

<sup>1</sup> No. 145.



No. 147

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received March 28, 3.15 p.m.)*  
*No. 183 Telegraphic [F 2866/1/10]*

*Confidential*

TOKYO, March 28, 1932, 8.20 p.m

My telegram No. 180.<sup>1</sup>

I asked Minister for Foreign Affairs this afternoon what was the truth in all these reports about Japan leaving the League of Nations. They would have reached London and I wished to send authentic information.

Minister for Foreign Affairs gave me following reply which he wished kept absolutely confidential.

Japanese Government were watching carefully the doings and sayings of members of the committee of nineteen<sup>2</sup> some of whom, such as Spanish representative, were trying to make trouble for Japan over Manchuria.

Japanese Government were absolutely determined that Manchurian question should only be treated in accordance with resolutions of the Council of September and December.<sup>3</sup> Until the Commission appointed by the League and acting within the limits of the resolution had reported there was nothing to be done regarding Manchuria. If Spanish representative and his adherents succeeded in persuading the Assembly when it met in May to pass a resolution on or interfere in Manchurian dispute Japanese delegates would leave Geneva.

This decision had probably leaked out and been exaggerated into decision to leave the League of Nations which Japan had no intention of doing.

Minister for Foreign Affairs added that he intended to instruct Japanese Ambassador to make a confidential communication to you in above sense very soon. After learning the result he would communicate confidentially with some other Great Powers and with Czechoslovakia and Greece whose representatives carried weight at Geneva.<sup>4</sup>

<sup>1</sup> No. 143.

<sup>2</sup> See No. 67, note 8.

<sup>3</sup> See No. 106, note 6.

<sup>4</sup> For a fuller account of this conversation see No. 162 below.

No. 148

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 28, 5.30 p.m.)*  
*No. 236 Tour. Telegraphic: by wireless [F 2870/1/10]*

SHANGHAI, March 28, 1932

Conference met twice on March 28th to consider revised draft we had prepared over the week-end.

Progress was very slow and was mainly confined to minor points.

Two articles only have been finally agreed to, namely constitution and function of Joint Commission and method of signature, language of text, etc.

Major obstacle, apart from definition of 'localities' outside the Settlement, remains insistence by Chinese on a time limit regarding 'temporary' occupation. I have warned Chinese Vice Minister for Foreign Affairs<sup>1</sup> that I am sure Japanese will never agree to an actual time limit and that point will have to be turned (if it ever is turned which I am beginning to doubt) by some other device.

Military sub-committee also met twice today to discuss definition of word 'localities' but has come more or less to a standstill whilst General Tashiro consults Tokyo.<sup>2</sup>

In general prospects strike me today as definitely bad.

Fuller report will follow.<sup>3</sup>

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> Mr. Quo Tai-chi.

<sup>2</sup> Details of these Military Sub-Committee meetings were sent to the Foreign Office in Sir M. Lampson's telegram No. 239 Tour of March 29 (not printed).

<sup>3</sup> See Nos. 152 and 151 below.

#### No. 149

*Sir E. Ovey (Moscow) to Sir J. Simon (Received April 4)*

*No. 166 [F 3116/1/10]*

MOSCOW, March 28, 1932

Sir,

I took the opportunity, on the 26th instant, to enquire of M. Litvinov his views with regard to the Far Eastern question. I found him in much the same frame of mind as he was when I sent you my telegram No. 6<sup>1</sup> of the 15th January. He evidently continues to view the situation generally with considerable misgivings.

2. As regards the recognition of the new Manchurian Republic, the Soviet Government had contented themselves with returning a mere acknowledgment. I suggested that for geographical and other reasons, the Soviet Government might, perhaps, be the first Power to recognise this new State, to which he replied that that might well be so, but *de facto*. He commented on the long distance that lay between Japan and Moscow, on which, remembering a previous remark by him about the Far Eastern provinces, I enquired whether he had any fear that the Japanese might take those provinces. 'Not take them,' he replied, 'but perhaps attack them.'

3. I enquired if he did not think from the recent news concerning the negotiations that the position on the Shanghai front was better. While admitting that the situation was a little more promising he seemed to draw no comfort therefrom, his thoughts being evidently entirely with the situation in the north. From the Russian point of view I gathered that there was little

<sup>1</sup> Not printed. This telegram summarized Sir E. Ovey's conversation with M. Litvinov on January 13 regarding Manchuria recorded in Volume VII, No. 147.

comfort to be drawn from the attitude of the Japanese in general. The recent published declaration of the Japanese Minister of War<sup>2</sup> had been most vague. I had enquired of him whether he was really unable to get any undertaking from the Japanese with regard to non-aggression on Russian territory, and he referred to this statement of the Japanese Minister of War, which, he pointed out, carefully avoided even paying any lip-service to the policy of non-aggression.

4. In the meantime, the Government are undoubtedly proceeding with precautionary measures. As far as I can ascertain, they have gradually concentrated a force of at least 200,000 troops, including a division of cavalry, in the Chita area. Among the common people there is considerable talk of war, and I have noticed from speeches made on the radio a very strong and frank anti-Japanese tendency. The people are taught that the past history of the Japanese has been one of continual imperialistic expansion founded on military aggression preceded by a sudden declaration of war. From another source I was informed the other day that no less than sixty factories in this country are now engaged on the production of what is described as war material. My informant went so far as to say that this necessarily entailed the slowing up of certain sections of the five-year plan. I have been unable to get any direct confirmation of this statement, nor am I able, owing to the carefulness of the original informant, to get into direct touch with its source. The Polish military attaché, however, is of the impression that a 'considerable number' of factories are now engaged on war material. A reliable eye-witness recently saw the arrival of some twenty aeroplanes of Italian manufacture imported at Petrograd [*sic*]. It would therefore appear, as far as can be ascertained, that the Government are quietly preparing for emergencies. While I have no reason to think that they have any aggressive intentions whatsoever, or that they harbour any illusion of any possible advantage which might accrue to them from a war with Japan, they are undoubtedly determined to be in a position to defend themselves if attacked.

5. I enclose a memorandum by Mr. Walker,<sup>3</sup> giving a summary of such information as is at present available to the Embassy regarding military preparations.

6. As regards the Chinese Eastern Railway, M. Litvinov informed me that the Government must necessarily insist on the present dual control of

<sup>2</sup> Presumably that made by General Araki in the Imperial Diet on March 22. An unofficial translation of this speech, as published in the *Japan Advertiser* of March 23, 1932, was transmitted to the Foreign Office as enclosure in Sir F. Lindley's despatch No. 161 of March 28 (received May 5). Commenting on the speech Sir F. Lindley said: 'It is interesting to observe that General Araki, the Minister of War, believes the situation which Japan has been facing in the past few months to be in some ways more serious than that which existed at the time of the Russo-Japanese war. . . . While expressing satisfaction with the successful efforts of the Japanese forces in restoring peace and order in Manchuria, General Araki admits that the future is far from bright, and, he hints that it may be necessary to send reinforcements to that area.'

<sup>3</sup> First Secretary in H.M. Embassy at Moscow.

half Russian and half Chinese officials. I gathered that any interference in this or in any other way on the part of the Japanese to impose other than 50 per cent. of Chinese in the administration of the railway would be seriously regarded by the Russian Government.<sup>4</sup>

I have, &c.,  
ESMOND OVEY

ENCLOSURE\* IN No. 149

*Memorandum regarding Military Preparations by the Soviet Government*

There is reason to believe that the Soviet Government is making considerable military preparations in anticipation of a possible war with Japan in the Far East.

The 'Times' of the 7th March published a message from the 'Times' correspondent at Riga, in which reference is made to a report emanating from the Japanese consul-general at Vladivostok, to the effect that the Soviet Government had concentrated an army of 100,000 men in the Far East. It is understood, however, from the Polish military attaché, who follows the military situation with meticulous care, that if the troops who were already stationed in the Far East before recent developments had taken place, and the Soviet military communes which have been established along the Sino-Soviet frontier, are taken into account, the number of troops available is probably about 200,000. Colonel Kowalewski is of opinion that this figure may be subdivided approximately as follows:—

Two armies (5 divisions per army)	.. ..	150,000
Cavalry (roughly)	.. ..	10,000
Military communes 'Cryptomobilisés' ( <i>i.e.</i> , persons called to the colours individually and not as a class), supply services, miscellaneous, &c.	.. ..	<u>40,000</u>
Total	.. ..	200,000

It appears that troops have been moved in an eastern direction continuously during the past month more or less, but in the form of isolated train loads rather than as large units such as brigades and divisions. This circumstance is presumably to be explained, both by a natural desire on the part of the Soviet Government not to draw too much attention to troop

<sup>4</sup> In despatch No. 25 of April 6 from Harbin to Sir M. Lampson (copy received in the Foreign Office on April 21) Mr. Garstin suggested that the real reason for the action of the new Manchurian government in forbidding the export abroad of wheat, sorghum, and flour (cf. No. 135, §6) was 'not the fear of a dearth of cereals, of which there appears to be no prospect, but the apprehension of the Japanese military authorities that the large supplies of wheat and flour recently exported Eastwards have been destined for the Soviet Government's troops in the Maritime Province, who are believed to have recently been considerably reinforced'. He remarked that the Commissioner of Customs would be 'unable to continue much longer the temporary arrangement come to with the Soviet authorities of the Chinese Eastern Railway, whereby they have been withholding payment of railway Customs duties which have now accumulated to the amount of 250,000 local dollars'

movements and also to avoid disorganising the already overstrained transport system of the Soviet Union to any further extent.

Rumours are persistently current that a large number of factories in Russia are being put on to war work of all sorts, which would presumably include not merely the provision of arms, ammunition, cannon, &c., but also food and equipment. It is difficult to ascertain how far such rumours are correct. The following, however, are factories which are understood on reliable authority to be producing war material at the present time:—

- (a) The Putilov factory in Leningrad. This factory has, of course, always been an establishment for the production of war material, but work is being very much speeded up at the present time.
- (b) The Metichi factory, some 10 miles north of Moscow. The normal occupation of this factory is the production and repair of railway wagons, but it has now been turned over to the production of gun limbers and similar equipment.
- (c) The agricultural machine factory at Rostov-on-Don is now stated to have been turned over to the production of tanks of the whippet type (in Russian—'Tanketki').
- (d) The heavy artillery foundry at Stalingrad, which employs 12,000 hands, is working at high pressure.
- (e) 'Avtozavod No. 2' at Moscow is turning out tanks, 150 having been sent to the Far East during the past month.

A certain amount of *matériel* is said to be arriving from abroad, and it is learnt, on what seems to be good authority, that twenty scout aeroplanes of Italian manufacture were seen in process of transportation along a road in the suburbs of Leningrad. There is, at all events, nothing improbable about this information as the Soviet Union evidently has some arrangement with the Italian Government for the acquisition of war material in that country (see my despatch No. 123 of the 15th March).<sup>5</sup>

There seems to be no doubt that the persistent official propaganda in the Soviet Union regarding the aggressive intentions of capitalist countries, coupled with recent events in the Far East, has had the effect of making the inhabitants somewhat apprehensive as to the possibility of war in the future. A British subject named Valentine Zaremba (see Mr. Strang's despatch No. 559<sup>6</sup> of the 27th October, 1931), who is at the present time in the Soviet Union and working at the tractor plant at Stalingrad, in a letter received a few days ago by this Embassy regarding another matter, made the following statement:—'As the situation in the Far East and other parts of the world is growing tense, I would like not to be detained in this country during the war which may start very soon. . . .'<sup>7</sup> A few days ago an acquaintance of one of the members of the staff of this Embassy observed that, in addition to the other discomforts of life in this country, the food situation was now again growing worse on account of the despatch of large quantities of food-stuffs

<sup>5</sup> No. 89.      <sup>6</sup> Not printed. Mr. Strang was Counsellor in H.M. Embassy at Moscow.

<sup>7</sup> Punctuation as in the original quotation.

to the eastern frontier of the Soviet Union. The wireless, the cinema and the press are all utilised for producing a uniformly suspicious attitude towards the outer world, and from the two examples of Soviet public opinion which I have cited above, they would appear to have been successful.

#### No. 150

*Mr. Holman (Peking) to Sir J. Simon (Received March 29, 5 p.m.)*

*No. 175 Telegraphic: by wireless [F 2922/1/10]*

PEKING, March 29, 1932, 9.30 a.m.

Following received from Harbin No. 43 of March 26th begins:—

Addressed to Peking repeated to Mukden, Dairen by post.

My telegram No. 41.<sup>1</sup>

While Japanese troops are advancing on Fangcheng and Sanhsing where Generals Ting Chao and Li-tu have their headquarters, the latter's emissary Wang Chih-yu is conducting negotiations with Japanese military mission at Harbin for unconditional surrender.

<sup>1</sup> See No. 135, note 3.

#### No. 151

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 29, 5 p.m.)*

*No. 238 Tour. Telegraphic: by wireless [F 2920/1/10]*

SHANGHAI, March 29, 1932, 1.50 p.m.

My immediately preceding telegram.<sup>1</sup>

Following is text of revised draft agreement.

(Draft) B (of March 27th).<sup>2</sup>

Article 1. As in paragraph 7 of my telegram No. 222.<sup>3</sup>

Article 2. As in reservation<sup>4</sup> in sense of formula contained in penultimate sentence of paragraph 2 of my telegram No. 230.<sup>5</sup>

Article 3. In accordance with the programme regulating withdrawal as shown in annex 2 to this agreement, then continue as in article 3 of Japanese draft.<sup>6</sup>

Article 5. The present agreement shall come into force on the day of

<sup>1</sup> No. 152. These telegrams were despatched in reverse order.

<sup>2</sup> A text of this draft is printed in *F.R.U.S. 1932*, vol. iii, pp. 638-41. <sup>3</sup> No. 137.

<sup>4</sup> The text here appears to be incomplete and should probably read: 'As in the Japanese draft [i.e. No. 141] with reservation . . .' The text of Article 2 in the copy of draft B attached to the detailed record of the meeting on March 28 (see No. 152, note 2) was the same as in the Japanese draft. <sup>5</sup> No. 142.

<sup>6</sup> Cf. note 4 above. Article 4 may have been omitted in error. The text of that article attached to the detailed record of the meeting read as in the Japanese draft with the following addition to the second sentence: 'Chinese police, who will take over as soon as the Japanese forces withdraw.'

signature thereof. The present agreement is made in the Chinese and Japanese and English languages in event of their<sup>7</sup> being any doubts as to meaning or any differences of meaning between the Chinese and Japanese and English texts, the English text shall be authoritative. Done at Shanghai, this (blank) day of (blank) 1932, corresponding to (blank). (Chinese and Japanese signatures) in the presence of (signatures of foreign heads of Missions.)

Representatives of the friendly Powers assisted<sup>8</sup> in the negotiations in accordance with the resolution of the Assembly of the League of Nations of March 4th 1932.

Annex 1. The following are the positions of the Chinese troops as provided<sup>9</sup> in Article 2 of this agreement. (Here insert the definition of the Chinese positions.) In the event of doubts arising in regard thereto the position<sup>10</sup> in question will be ascertained by the representatives of the participating friendly Powers.

Annex 2. The withdrawal of the Japanese troops to the localities indicated in annex 3 will be commenced within one week of the coming into force of the agreement and will be completed as soon as possible within a maximum period of six weeks. (The last sentence amended to read and will be completed in four weeks from the commencement of the withdrawal.)<sup>11</sup> The joint commission to be re-established<sup>12</sup> under Article 4 will make any necessary arrangements for the care and subsequent evacuation of any invalids or injured animals that cannot be withdrawn at the time of the evacuation. These may be detained at their positions together with the necessary medical personnel. The Chinese authorities will give protection to the above.

Annex 3. The following are the localities as provided<sup>13</sup> in Article 3 of this agreement. (Here insert definition of the localities in which the Japanese troops are to be temporarily stationed.) In the event of doubt[s] arising in regard thereto, the localities in question will be ascertained by representatives of the participating friendly Powers.

Annex 4. Joint commission, same as in my telegram No. 211<sup>14</sup> with addition of paragraph regarding aeroplanes in sense of formula contained in my telegram No. 232.<sup>15</sup>

<sup>7</sup> The preceding passage read as follows in the text attached to the detailed record of the meeting: 'The present Agreement is made in triplicate, in the Chinese and Japanese and English languages. In the event of there being . . .'

<sup>8</sup> This word read 'assisting' in the text attached to the detailed record.

<sup>9</sup> This is the text of Annex 1 as amended at the meeting on March 28; see No. 152, note 5. The text attached to the detailed record read: 'The following are the positions beyond which the Chinese troops will not advance as provided . . .'

<sup>10</sup> This word read 'positions' in the text attached to the detailed record.

<sup>11</sup> See No. 152, paragraph 8.

<sup>12</sup> This word read 'established' in the text attached to the detailed record.

<sup>13</sup> This is the text as agreed at the meeting on March 28 (see No. 152, note 10). The text attached to the detailed record read: 'The following are the localities in which the Japanese troops will be temporarily stationed as provided . . .'

<sup>14</sup> No. 118.

<sup>15</sup> No. 144.

Separate voluntary declaration by Chinese Government regarding special constabulary same as in my telegram No. 211, with amendment referred to in paragraph 3 of my telegram No. 216,<sup>16</sup> namely, 'for which they contemplate the employment of experts as officers and instructors'.

Repeated to Peking, Mission and copy to Commander-in-Chief, Shanghai and Tokyo.

<sup>16</sup> No. 123.

## No. 152

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 29, 9.15 p.m.)*

*No. 237 Tour. Telegraphic: by wireless [F 2935/1/10]*

SHANGHAI, March 29, 1932

My telegram No. 236.<sup>1</sup>

Following is report of proceedings at Conference at sixth and seventh meetings in morning and afternoon of March 28th.<sup>2</sup>

2. I had the previous day circulated new draft prepared by Mr. Teichman text of which is contained in my immediately following telegram.<sup>3</sup> After military sub-committee had left to continue their work conference considered new draft item by item.

3. Article 1. Japanese again raised question of plain clothes gunmen and proposed the following amendment. After the words 'cease all hostile acts' add 'including activities of plain clothes gunmen and all forms of provocative acts'. Chinese objected to the re-opening of this question which they pointed out had already been discussed for some hours at previous meetings with the result that I had suggested inclusion of second sentence in article which was intended to cover all forms of hostile acts. Interminable discussions over old ground ensued. Eventually I suggested words 'cease all and every form of hostile act'. Japanese agreed to consider this and Article was again reserved.

4. Article 2. Chief Chinese delegate this time preferred his own original formula for Chinese reservation (see second paragraph of my telegram No. 230).<sup>4</sup> Japanese objected and again we went over the old ground at great length. I suggested deletion of reservation and in its place amending first sentence of Article to read 'The Chinese troops will remain in their present positions pending later arrangements upon re-establishment of normal conditions in areas dealt with by this agreement'. It was agreed to consider this and Article 2 was also reserved.

5. Article 3. Japanese reserved their attitude towards first sentence in connexion with difficulties raised by Chinese side over annex 2, see paragraph 8 below.

<sup>1</sup> No. 148.

<sup>2</sup> Detailed records of these meetings were received in the Foreign Office on May 4 under Shanghai formal covering despatches Nos. 56 and 58 T.S. of March 28, not printed. Cf. also *F.R.U.S. 1932*, vol. iii, pp. 637-41.

<sup>3</sup> No. 151.

<sup>4</sup> No. 142.



6. Articles 4 and 5 were accepted.

7. Annex 1.<sup>5</sup> Japanese sought to delete last paragraphs in this and in Annex 3 concerning the ascertaining of positions and localities by neutral representatives.<sup>6</sup> Chinese insisted on retaining them. This point was also reserved. Indications were that Japanese did not want neutral representatives to investigate their localities while Chinese did not want joint commission with Japanese members investigating their positions.<sup>7</sup>

8. Annex 2. Japanese reduced period for first stage of withdrawal from six weeks to four weeks. Chinese then again raised question of time limit for complete withdrawal into the Settlement and Hon[g]kew Roads areas. All the old arguments were repeated *ad nauseam* on both sides, Japanese insisting that they could not go beyond the words 'temporarily stationed', that physical difficulties of accommodation in the Settlement depended on numbers of troops and that numbers of troops depended on amelioration in the local situation. Chief Chinese delegate charged the Japanese side with laying down conditions for the withdrawal. In the course of argument I read extracts from Geneva telegram No. 136<sup>8</sup> to the Foreign Office indicating that those who drew up resolution of March 4th 'certainly thought that conditions of [concerning] security would naturally be provided for.' To assist in finding a way round the difficulty I suggested the addition of the following paragraph. 'The further withdrawal of Japanese troops to areas mentioned in first sentence of Article 3 will be completed as soon as local conditions permit of such reductions in numbers of said troops as will enable them to be accommodated in the said areas.' This was not acceptable to Chinese side and having reached deadlock we passed on to next item.<sup>9</sup>

<sup>5</sup> The detailed record here read: 'Annex 1. The first sentence was altered to read: "The following are the positions of the Chinese troops as provided in Article II of the Agreement."' Cf. No. 151, note 9.

<sup>6</sup> In his later detailed despatch on the Sino-Japanese conflict round Shanghai (No. 94 T.S. of April 15 to the Foreign Office, see No. 137, note 11) Sir M. Lampson remarked that at a previous meeting (cf. No. 137) 'these clauses had on the suggestion of the Japanese side been transferred from Articles II and III to the relevant Annexes . . . and it now transpired that the apparently innocent suggestion was the first move by the Japanese to secure their deletion'.

<sup>7</sup> The detailed record of this meeting states that: 'After a rambling discussion, Sir M. Lampson suggested that the sentence might read: "In the event of doubts arising in regard thereto, the positions in question will be ascertained upon the request of the Joint Commission by the representatives of the participating friendly Powers, members of the Joint Commission". This, Sir M. Lampson explained, would bring the Joint Commission into the picture, while leaving the actual work of investigation to the neutral representatives. Finally General Uyeda said he would study the matter further, and it was left over for later consideration.'

<sup>8</sup> No. 87.

<sup>9</sup> The detailed record here includes the following: 'Mr. Kuo said he feared a deadlock had been reached. Sir M. Lampson said that it seemed to be a question of how to define the word "temporary" to his satisfaction. In the course of this discussion Sir M. Lampson suggested privately to the Japanese Minister the addition to the Annex of a paragraph to the following effect:—"The Chinese side reserve the right, should the temporary stationing of the Japanese troops in these outside localities be in their view unduly prolonged, to refer the matter to the League of Nations, at whose recommendation these negotiations have been entered upon." This suggestion was not, however, acceptable to Mr. Shigemitsu.'

9. Annex 3.<sup>10</sup> Japanese pressed for deletion of last paragraph—see paragraph 7 above.

10. Annex 4. Japanese proposed amendment to second paragraph regarding air reconnaissances in the sense that Japanese and/or Chinese members of commission would be permitted to consult other members of the commission to arrange reconnaissance by air over such points etc. This was flatly turned down by Chief Chinese delegate who said that it was out of the question for Chinese Government to commit themselves to anything which would legalise foreign flights over Chinese territory for military purposes. After more endless argument I suggested amending first sentence of Japanese draft to read 'the Japanese and/or Chinese members may request permission to arrange'<sup>11</sup> for reconnaissance by air etc.' This was reserved for further consideration. Chinese delegate said he would have to insist on the addition of a sentence providing as a formality for concurrence of Chinese members on behalf of Chinese Government in any such flights.

11. Military Attaché's report of proceedings of military sub-committee in defining localities for Japanese troops follows on separate telegram.<sup>12</sup>

Ends.

Repeated to Peking, Mission and Tokyo.

<sup>10</sup> The detailed record here read: 'In Annex III the first sentence was altered to read: "The following are the localities as provided in Article III of this Agreement."' Cf. No. 151, note 13.

<sup>11</sup> The detailed record here read: 'The Japanese and/or Chinese members may request the Commission to arrange, etc., etc.'

<sup>12</sup> Not printed; see No. 148, note 2.

## No. 153

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 29, 9.15 p.m.)*

*No. 240 Tour. Telegraphic: by wireless [F 2921/1/10]*

SHANGHAI, March 29, 1932, 8.35 p.m.

Conference met morning of March 29th.<sup>1</sup> Better atmosphere prevailed.

<sup>1</sup> A detailed record of this meeting was received in the Foreign Office on April 25 under Shanghai formal covering despatch No. 62 T.S. of March 29, not printed. The opening paragraphs of that record read: 'Sir M. Lampson said that before the proceedings commenced he would like to make an appeal to the meeting to see whether they could not make somewhat quicker progress than they had done before. So far the Conference had sat for 21½ hours and had produced only two of the less contentious articles. He hoped that they might in future be able to show a little more speed on what he might call these minor points. As a friendly outsider it seemed to him that there were two major points outstanding, namely the question of the time-limit for the final withdrawal of the Japanese forces, and the localities in which they were to be temporarily stationed outside the Settlement. He would like to appeal to the meeting to get on with the business of disposing of the small matters in order to clear the ground for tackling these bigger issues. He hoped he would not be misunderstood, but he could not help feeling that so far the progress made by the Conference had not been very great and not altogether commensurate with the time spent on the deliberations.

'Mr Kuo said that the Chinese delegation entirely concurred in the view that progress so

2. Article 1 of our week-end draft<sup>2</sup> was definitely passed thus disposing I hope of question of 'gunmen'.

3. Chinese pressed for a definite number of weeks under Article 3. Japanese maintained that this was impossible. In an endeavour to bridge the gap I put up a formula stipulating that withdrawal should take place as soon as conditions of local security warranted this, to be interpreted in the spirit of the League resolution of March 4th. Both sides understood [*sic*] to study this formula.<sup>3</sup>

4. Discussion over aircraft reconnaissance by joint commission members continued and no decision has yet been reached.<sup>4</sup>

5. Main conference adjourned till March 31st to give sub-committee time to get on with their work.

6. The usual full report follows.<sup>5</sup>

Repeated to Peking, Mission and Tokyo.

far had been too slow. They had throughout desired to avoid wasting time on the discussion of extraneous details. They had, for instance, spent five or six hours out of the 21 in discussing the matter of the plain-clothes gunmen, which was an extraneous matter on which no result was to be expected from the outset. Progress had indeed been slow, and had it not been for the tactful and resourceful suggestions of the Chairman of the meeting (Sir M. Lampson) the results would have been even more meagre. He would certainly like to get on with the business and get down to fundamentals. The fundamental issue was as a matter of fact the withdrawal of the Japanese forces. A cessation of hostilities already existed by the unilateral orders to each side. Moreover, both sides were pledged to the League to enforce these orders and refrain from further hostilities. So far as concerned the Chinese side, this position was considered binding. The cessation of hostilities was therefore a minor point. The essential and fundamental issue was that of the withdrawal of the Japanese forces.

'General Uyeda said that he believed that they had so far discussed and passed two Articles. Certainly the question of the temporary localities and the time for the withdrawal were the most important outstanding points. The Chinese delegation alleged that the Conference had been wasting time. He did not think so. The Sub-committees were carrying on their work and doing their best all the time. He did not think the time so far spent had been wasted. One had got to be very careful to investigate all these matters most thoroughly.'

<sup>2</sup> i.e. draft B of March 27, see No. 151.

<sup>3</sup> The formula, as transmitted in Sir M. Lampson's telegram No. 241 Tour of March 30 (received 7.30 p.m. the same day) read: 'the further withdrawal of Japanese troops to areas mentioned in first sentence of article 3 will be completed as soon as conditions of local security permit of such reductions in numbers of said troops as will enable them to be accommodated in the said areas. This will be effected as soon as possible in accordance with the spirit of the resolution of March 4th and the discussion which preceded its adoption.'

<sup>4</sup> Cf. No. 160 below, paragraph 6.

<sup>5</sup> See note 1. In his following telegram (No. 241 Tour) Sir M. Lampson said: 'Conference sat for 3 hours but as most of the time was taken up by both sides re-stating the same arguments on the various points raised it is not necessary to telegraph full report.' Cf. *F.R.U.S.* 1932, vol. iii, pp. 641-2.

No. 154

*Mr. Eastes (Mukden) to Sir J. Simon (Received April 27)*

No. 41 [F 3752/10/10]

MUKDEN, March 29, 1932

Sir,

With reference to my despatch No. 51<sup>1</sup> of December 28th, 1931, I have the honour to submit herewith, in triplicate, a Political Report for this Consular District for the Quarter ending March 31st, 1932.

I have, &c.,

A. E. EASTES

ENCLOSURE\* IN No. 154

*Mukden Political Report for the Quarter ending March 31, 1932*

By the beginning of the year the Japanese were in effective political control of most of the Mukden consular district, and the death-knell of the former Liaoning Provincial Government, re-established on the 28th September, 1931, at Chihhsien (Chinchow) in the Newchwang consular district, was already sounding.<sup>2</sup> On the 1st January a markedly unenthusiastic demonstration of some 3,000 or 4,000 Chinese paraded the frost-bound streets of Mukden to demand the acceleration of the death-blow, which was delivered on the 3rd January,<sup>3</sup> while on the following day a detachment of Japanese troops advanced to the occupation of Hulutao.

2. Naturally enough, the Japanese military expedition towards Chihhsien and beyond completely disorganised ordinary traffic over the 'extra-mural' section of the Peking-Mukden Railway. On the 7th January, K'an To, Chinese director of the railway built by the Japanese from Ssuningkai, on the South Manchuria Railway, to T'aonan, was appointed by the Fengtien Provincial Government to be director of the 'Feng-shan' (i.e., Mukden to Shanhaikuan) Railway. This appointment was confirmed in an official despatch, dated the 9th January, which informed me that that Government accepted 'liability for fulfilment of all the loan agreements concluded of old with the British and Chinese Corporation' and as a matter of fact monthly instalments have since been paid regularly to the Mukden branch of the Hong Kong and Shanghai Banking Corporation in respect of the 1898 and 'Double Track' Loans.<sup>4</sup> It is understood that monthly payments of 95,000 gold dollars are also being made to the Netherlands Harbour Works Company on account of the agreement for the development of the port of Hulutao. But traffic facilities over the 'Feng-shan' Railway are still sadly deficient, and

<sup>1</sup> Not printed.

<sup>2</sup> For activities in Manchuria in 1931 following the Japanese occupation of Mukden on the night of September 18-19, 1931, see Volume VIII, Chapters IX-XII.

<sup>3</sup> Japanese troops occupied Chinchow on that day; cf. Volume IX, No. 47.

<sup>4</sup> Cf. *ibid.*, Nos. 80, and 88, paragraphs 2 and 3.

the journey from Mukden to Peking, which used to take under twenty-four hours, still takes more than twice the time and involves a stop of sixteen hours at Chihhsien and a change of train at Shanhaikuan. Some hundred of 'White' Russian[? s] have been enrolled in Harbin for the policing of the Feng-shan Railway.

3. On or about the 26th January clashes occurred in the suburbs of Harbin between factions of Chinese troops owning and disowning allegiance to the Government set up at Kirin on the 26th September, 1931, under Lieutenant-General Hsi Chi'ia, formerly Chief of the Staff to Governor Chang Tso-hsiang. Further hostilities occurred on the 27th January, when the Japanese consul-general at Harbin took the step of applying for the despatch of Japanese troops to protect the lives and property of his nationals. On the 28th January General Hasebe left Changchun with two regiments for Harbin. Owing, however, to obstructions on the southern section of the Chinese Eastern Railway, and to considerable resistance by Chinese forces, additional Japanese reinforcements were necessary, and it was not until the afternoon of the 5th February that the Japanese troops actually entered Harbin.<sup>5</sup>

4. That event closed the major operations of the Kuantung Army's Great Adventure of 1931. Thenceforward, they could devote themselves more whole-heartedly to the still uncompleted task of ridding the country districts, anywhere in the neighbourhood of the various railway lines, of the swarms of ex-soldiers and other brigands with which they had been infested on a scale hitherto unprecedented.

5. The projects for the establishment of a new form of Government in Manchuria, alluded to in paragraph 6 of the preceding report, have undergone a variety of modifications during the past four or five months, and it was not until the middle of February that General Chang Ching-hui, Civil Administrator at Harbin (who had on the 7th January formally assumed charge of the Civil Government of the Province of Heilungchiang); Lieutenant-General Hsi Ch'ia, Governor of the Province of Kirin; and General Ma Chan-shan, Commander-in-chief of the Heilungchiang military forces, came to Mukden, where they met General Tsang Shih-i, Governor of the Province of Fengtien; a 'representative' of General T'ang Yu-lin, Governor of the Province of Jehol; and two Mongol princes, and formed the 'North-Eastern Administrative Council.' On the 18th February<sup>6</sup> this council, under the presidency of General Chang Ching-hui, declared the establishment of the new independent State of Manchuria. General Hsi returned at once to Kirin, and General Ma went back to Harbin, whence he proceeded on the night of the 22nd February to Tsitsihar and assumed the post of Governor of Heilungchiang Province.<sup>7</sup> According to statements published in the press, General T'ang Yü-lin subsequently repudiated his alleged participation in the formation of the new State.

<sup>5</sup> For telegraphic reports on these events see *ibid.*, Nos. 133, 157, 184, 206, 251, and 325.

<sup>6</sup> Cf. *ibid.*, No. 514, note 3.

<sup>7</sup> Cf. *ibid.*, No. 653, paragraph 6.

6. On the 6th March the ex-Emperor Hsuan T'ung was transferred from Port Arthur by train to T'angkangtzu, the hot-springs resort on the South Manchuria Railway, which he had previously visited in November 1931; and on the 8th March he was conveyed thence by special train to Changchun. On the way through Mukden, the train was halted and His ex-Majesty was greeted by leading Chinese and Japanese officials, the latter including Lieutenant-General Honjo and the acting consul-general. On the 9th March the formal inauguration ceremony was held at Changchun, His ex-Majesty being installed as 'Regent' of the new State of Manchuria.<sup>8</sup> Appointments to the Cabinet and State Councils were announced on the following day.

7. On the 13th March, telegrams were despatched from Changchun by Hsieh Chieh-shih, the Minister for Foreign Affairs, to the Governments of the sixteen or seventeen countries represented by consular officials in Manchuria, and also to the League of Nations at Geneva, detailing the composition and political aims of the new Independent State of Manchuria, and soliciting recognition at an early date.

8. For several weeks past apprehensions have been felt by British and other foreign nationals in the Customs, Postal and Salt Administration Services as to what was to be their fate after the inauguration of the new State and the severance of all relations with the Central Government of China. So far, however, they have met with no real interference, and beyond the appointment of a number of Japanese drawn for the most part from the staff of an important transportation company, to positions as advisers to the superintendents of customs (Chinese) at the various ports,<sup>9</sup> there have been no startling developments.

9. On the whole, the discipline of the Japanese forces operating in Manchuria during the past six months, has been exemplary, and cases of truculence towards foreigners have been extremely rare. One such instance occurred before daylight on the 3rd January, when Mr. C. B. Chamberlain, American vice-consul, on his way to the Mukden Station to catch the train for his post, Harbin, was stopped by three Japanese (two armed military police in uniform and one interpreter in mufti) and brutally assaulted. The case was taken up vigorously by the American authorities, and after negotiations in Washington and Tokyo was amicably settled some ten days later.<sup>10</sup>

10. On the 15th March a young British woman missionary, resident at Hsin-min, was searched on arrival at the Central Railway Station (Chinese) at Mukden by a Japanese soldier, who passed his hands over her body from breast to knee. I took up her complaint by strong verbal and written representations to my Japanese colleague. In due course he replied, expressing the regret of the Japanese military authorities, who had instructed the railway guards that 'soldiers should act with the utmost consideration and courtesy in the execution of their duty,' especially in their dealings with

<sup>8</sup> Cf. Nos. 56 and 66 in this Volume.

<sup>9</sup> Cf. Nos. 49 and 105.

<sup>10</sup> For correspondence relating to this case see *F.R.U.S.* 1932, vol. iv, pp. 728-40.

British and foreign nationals. He added that he had caused the Japanese consular officer at Hsin Min to call on the missionary in question, 'to transmit to her our anxiety to smooth over the incident in which she has been unfortunately involved.'

A. E. EASTES

No. 155

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 31, 4.50 p.m.)*  
*No. 245 Tour. Telegraphic: by wireless [F 3021/1/10]*

SHANGHAI, March 30, 1932

Summarised report of military sub-committee of March 30th . . . ed<sup>1</sup> at 10 a.m.

2. Colonel Badham-Thornhill briefly reviewed the proceedings of last Monday,<sup>2</sup> appealing to the delegates of both sides to help in solution of a problem which was holding up the negotiations as a whole.

3. Japanese delegates as might be expected looked upon the problem strategically, clinging to every inch of ground in the Chapei and Woosung areas. The Chinese tentative offer, of space elsewhere in lieu of the places that gave the Japanese the line they demand, had little or no effect. Japanese stuck . . . .<sup>1</sup>

4. Much time was given to narrowing down the points at issue with the result that the Japanese delegates were eventually manoeuvred into naming alternatives they were prepared to accept.

5. Japanese now ask for small triangular piece of Chapei west of railway outside Hongkew extra Settlement roads area (Rokkasan by name) and Woosung area including Changhuapang but not the forts.

6. Japanese give up Kiangwan but instead get area east of Woosung railway which has yet got to be accurately defined. Their present aeroplane base outside north-east corner of Settlement is another locality they claim they require.

7. Chinese agreed to consider the proposals but the general atmosphere is that they will possibly accept but may hold out for minor modifications. Report ends.

8. I have since seen Kuo Tai-chi and impressed upon him that he will be singularly ill-advised if he turns down this basis of agreement which is far better than anything I ever anticipated. But Colonel Badham-Thornhill deserves much credit for having induced the Japanese so substantially to reduce their requirements.

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> The text is here uncertain.

<sup>2</sup> March 28. Cf. No. 148.

No. 156

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 2)*

*No. 167 [F 3854/532/23]*

*Confidential*

TOKYO, March 30, 1932

Sir,

With reference to my despatch No. 159<sup>1</sup> of the 24th March, I have the honour to transmit herewith a report<sup>1</sup> by Colonel Simson, Military Attaché to this Embassy, on the subject of a number of aircraft being built by public subscription.<sup>2</sup>

2. There is no doubt that the results obtained by Japanese aeroplane action at Shanghai have taken a strong hold on the imagination of the whole people. On the one hand, it has aroused great apprehensions regarding possibilities of attacks by hostile aeroplanes on Japanese towns which, from the nature of the construction of the buildings, are peculiarly vulnerable to the danger of fire; and in this connection it is interesting to note that, all over the country, the population is being trained in measures of defence against such attacks. On the other hand, the efficacy of aeroplanes as a means of offence seems to have impressed the Japanese authorities and, although it is impossible for this Embassy to obtain accurate information, there is no doubt that the aeroplane factories of Japan are extremely busy and have been so for some time. The only concrete facts I have been able to gather were supplied to me in confidence by two British subjects whom I recently met. One of these informed me that he was now securing for a British firm far more extensive orders for machine tools for the construction of aeroplane engines than he had ever obtained before. The other gentleman informed me that he was selling large quantities of aluminium at the present moment to the Japanese Government.

I have, &c.,  
F. O. LINDLEY

<sup>1</sup> Not printed.

<sup>2</sup> The number reported was 30.

No. 157

*Memorandum respecting the United States Press and Affairs in China*

*[F.O. 800/286]*

FOREIGN OFFICE, March 30, 1932

Generally, the attitude of the United States Government has throughout received the support of the press, and there have only been isolated instances of criticism. In particular, Mr. Stimson's note of the 7th January,<sup>1</sup> announcing the policy of the United States Government, received an unusually good

<sup>1</sup> Cf. No. 49, note 7.



press, only the Scripps-Howards Journals offering serious criticism. On the whole, the reference to the Kellogg Pact was welcomed, and there was general satisfaction that the United States had taken a firm and independent line. The news that Great Britain and France would not follow this lead was freely reported but aroused little adverse comment.

The Japanese reply to this Note was sent on the 16th January,<sup>2</sup> and led to harsh criticism of the attitude adopted by Japan.

During the last week in January, the Japanese intervened at Shanghai and opinion against Japan, which had already been hardening, was turned to almost universal condemnation, and Japan was generally attacked for 'insane Imperialism' and for a 'campaign of brutality'. This moral indignation was only equalled by the fear of war: in all sections of the Press appeared fervent pleas to prevent the United States from becoming embroiled, and appeals for coolness and patience. Previously there had not been much suggestion of an economic boycott of Japan, though the possibility of this step was viewed with anxiety. Developments in China, however, now began to lead to a growing campaign for at least an unofficial boycott of goods of Japanese origin, but particularly of silk.

But in the Press generally the possibilities of a boycott were viewed with horror, and while the attitude was very anti-Japanese, the possibility that such action might lead to the United States being involved in a Sino-Japanese war gave rise to great anxiety.

It should also be mentioned that the Shanghai crisis was exploited by the interests in favour of an increase in the United States Navy.

Mr. Stimson's letter to Senator Borah of the 24th February<sup>3</sup> was taken by all the newspapers as addressed in a large measure to H.M. Government, and as an appeal to the latter to place themselves on the same footing with the United States Government. This tone was certainly inspired by the State Department. There was, as usual, a tendency in the press and in public opinion to regard H.M. Government as embodying the League.

The reluctance of the League to take drastic action against Japan was on the whole welcomed, though there were appeals to the Administration by private individuals to join in any sanction which might be imposed by the League.<sup>4</sup>

<sup>2</sup> See *F.R.U.S. Japan 1931-1941*, vol. i, pp. 76-77.

<sup>3</sup> Cf. No. 9, note 11.

<sup>4</sup> In Washington telegram No. 170 of March 30 (received 9.30 a.m. on March 31) Sir R. Lindsay, commenting on U.S. press reaction to the League of Nations resolution of March 11 (see No. 67), referred to the Secretary of State's statement to the press 'expressing unqualified approval' (cf. *F.R.U.S. Japan 1931-1941*, vol. i, p. 213) and said that 'Most of the press messages from Geneva mentioned gratitude of American delegation to Sir John Simon for his efforts to "coordinate resolution with the Stimson note of January 7th and letter to Senator Borah".'

*Record of a meeting at Shanghai on March 30, 1932<sup>1</sup>*

[F 4092/1/10]

*Confidential*

SHANGHAI, March 30, 1932

*Daily Meeting with Colleagues*

(Owing to the recent Conferences, there have been no daily meetings for the past few days)

Present:—

H.M. Minister

The American Minister

The Italian Chargé d'Affaires

Monsieur Lagarde, representing the French Minister

Mr Teichman

H.M. Minister informed his Colleagues that he had just received a visit from Mr Shigemitsu and Mr Matsuoka.<sup>2</sup> They had discussed the question of the insistence of the Chinese delegates on a programme of withdrawal with timetable, etc. Sir M. Lampson had told his visitors that Mr Kuo Tai-Chi's view was quite obvious, i.e. that the Chinese side must insist on a time-limit. The Japanese attitude had been made equally clear from the outset, namely that they could not fix a time-limit. He, Sir M. Lampson, had therefore made his suggestions and put forward his formula<sup>3</sup> with the object of exploring the possibilities of bridging the gap between the two sides. Mr Shigemitsu and Mr Matsuoka had said that they could not very well bind themselves to anything definite in an article. What did Sir M. Lampson think of a unilateral declaration on the Japanese side somewhat on the lines of the proposed formula? This would balance the unilateral declaration on the Chinese side about the Constabulary Force. He, Sir M. Lampson, had told his visitors how he had tackled Mr. Kuo Tai-chi after a recent meeting and had put it to him that it was a question of finding some way round this difficulty,<sup>4</sup> which could apparently not be surmounted direct seeing that neither side were willing to give way. The conversation had then turned to the question of the localities in which the Japanese troops were stationed. Mr Shigemitsu and Mr Matsuoka had admitted quite frankly that the putting forward by General Tashiro of the Paoshan-Tazang line was a mistake.<sup>5</sup> It had not been intended that he should draw a line at all, but merely name certain localities. He, General Tashiro, having been asked to draw a line, had drawn one. But the whole thing had been a mistake, and it had been a narrow shave for the wrecking of the Conference. Mr Shigemitsu

<sup>1</sup> A copy of this record was received in the Foreign Office on May 10 under Sir M. Lampson's formal covering despatch No. 64 T.S. of March 30.

<sup>2</sup> Sir M. Lampson reported this visit to the Foreign Office in Shanghai telegram No. 250 Tour of March 31, received on April 1 at 7 p.m.

<sup>3</sup> See No. 153, note 3.

<sup>4</sup> Cf. No. 148.

<sup>5</sup> For this suggestion see No. 142, paragraph 10.

had then indicated on the map certain places round Woosung, Kiangwan, and Rokosan Gardens in Chapei as the places in which the Japanese troops wished to be temporarily stationed. Mr Shigemitsu had also mentioned that there might possibly be a second stage of withdrawal. They must have time to prepare their barracks, etc., and it might be possible to withdraw from some of the outlying country later on to a more limited area after the barracks had been constructed. He, Sir M. Lampson, had said there might be something in all this; it might be made to give more the idea of a timetable. Mr Shigemitsu had expressed the hope that the foreign Military Attachés would keep the discussions going in the Sub-Committee and prevent any sort of break.

Sir M. Lampson, having given his Colleagues the gist of his conversation with Mr Shigemitsu and Mr Matsuoka, said it seemed to him that the Japanese certainly wanted to settle.<sup>6</sup> Mr Johnson said that he quite agreed; he thought that the Japanese were anxious to reach a settlement now and be in a position to force a Conference later on. Sir M. Lampson said that he had told Mr Shigemitsu that if and when these truce negotiations resulted in some sort of agreement, he, Sir M. Lampson, proposed to leave as soon as possible and go home, returning in the autumn; this with reference to the talk about a Conference. His Japanese visitors had not demurred.

There was some discussion about the meeting of the Conference which was to take place on the next day. Sir M. Lampson mentioned that Mr Shigemitsu had told him that the Japanese military, now that they had had so many meetings with the Chinese, were realising the difficulties of the situation better than they had done before. Mr Johnson agreed and thought it was a good thing the Japanese military were made to understand what they were up against.

The Situation Report of the day ('No change') was considered and adopted.

There was some discussion about the Manchurian Customs question. Mr Johnson said he had no special views. Sir M. Lampson referred to telegrams recently received from Newchwang and other places to the effect that the Manchurian Government had given orders for the collections to be taken over. He, Sir M. Lampson, had spoken to Dr T. V. Soong on the subject on March 25th,<sup>7</sup> using as strong language as he could, in view of the fact that he knew that the Manchurian Government were prepared to accept a settlement on the lines of the Canton arrangement.<sup>8</sup> He, Sir M. Lampson,

<sup>6</sup> In his telegram No. 250 Tour (see note 2 above) Sir M. Lampson said: 'I received strong impression that Japanese are anxious for settlement and do not want conference to break down. At the same time they will not give way on point of time limit. United Press message dated Tokyo March 30th reported the Minister of War as stating that Japanese troops would stay in Shanghai until proposed Round Table conference had been convened. I do not know if this is accurate but it is what we have all along suspected.' See No. 168 below, note 3, for a correction to this report.

<sup>7</sup> This interview was reported to the Foreign Office in Shanghai telegram No. 224 of March 25, not printed; cf. No. 178 below, paragraph 13.

<sup>8</sup> Cf. Volume IX, No. 1.

was prepared to admit that there was no real analogy between the two cases, but had argued that the results in either case would be the same, namely, the wrecking of the Customs Administration. Dr T. V. Soong had said that the matter had already been decided in the other sense by the Nanking Government. He, Sir M. Lampson, had urged that the Chinese Government should merely turn a blind eye to what went on and let Sir F. Maze go ahead and make an arrangement on the Canton precedent. Later on, he had heard from Dr Soong that the Chinese Government had definitely decided not to have anything to do with any such arrangements. He had since heard that the Manchurian Government were ordering the collecting banks to pay over the Customs funds to them. He had thereupon instructed Mr Ingram at Nanking to see the Chinese Government leaders, and especially Chiang Kai-shek and Wang Ching-wei, and point out to them the folly of precipitating a crisis and endangering the Customs Administration in this way. He had added in his instructions to Mr Ingram that it was possible that the Chinese Government were trying to use this as a lever to force H.M. Government and the Powers to take a stronger line; if that were the case, Mr Ingram was to make it plain that they could not do a more foolish thing. Mr. Ingram had subsequently replied that he had made representations to the Minister for Foreign Affairs who had been entirely unresponsive, and later on to Wang Ching-wei who had finally agreed that the matter might be considered once more at another Government meeting. He, Sir M. Lampson, had also reported home<sup>9</sup> and suggested that H.M. Government would want to feel sure that they had exhausted all steps, in other words that they might wish to put in a word at Tokio if they thought it appropriate to do so.

Monsieur Lagarde showed a printed copy of a plan for the future of Shanghai which he had recently received. Sir M. Lampson said he had not yet received this document or covering letter. Mr. Johnson, however, knew all about it, having seen it in his Consulate-General some weeks before. Mr Johnson mentioned in the course of the ensuing conversation that the American sponsors of the scheme were Messrs. Briton, Franklin and Bassett. Mr Briton was a real estate man much interested in land outside the Settlement, and on that account deeply interested in securing Settlement extension. Mr Franklin was a lawyer connected with Mr Briton and also interested on his own account as a lawyer in securing a court under foreign control. As for Mr Bassett, as soon as Mr Johnson had pointed out to him that his, Mr Bassett's, job was to sell cigarettes in the interior of China and that for that he required the goodwill of the Chinese, he, Mr Bassett, had dropped the whole thing like a hot potato.

Sir M. Lampson said he would doubtless be receiving these papers himself in a day or two, when they could be further discussed.

E. T.

<sup>9</sup> Cf. No. 178 below, paragraph 16.

No. 159

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received March 31, 9.15 p.m.)*  
*No. 246 Tour. Telegraphic: by wireless [F 3032/1/10]*

SHANGHAI, March 31, 1932

Conference met again March 31st.

2. Article 2 was passed as in my immediately following telegram.<sup>1</sup>

3. The morning was spent discussing terms of withdrawal of Japanese troops and all old ground covered once more on both sides. But there was evident desire to accommodate respective points of view.

4. The main conference has adjourned till April 2nd and I am having Japanese Minister and Kuo to a further informal 'tea party' April 1st to enable them to discuss possibilities of compromise in less formal way than is possible in full conference.

5. Meanwhile sub-committee came to deadlock this morning of March 31st over Rokkasan area west of Woosung railway and have adjourned to allow Chinese General to consult his chief delegates.<sup>2</sup> They will I hope resume discussions as soon as this is done.

6. Full discussion of report [? report of discussion] will follow.<sup>3</sup>

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> No. 160.

<sup>2</sup> The summarized account of this Military Attachés' Sub-Committee meeting (Shanghai telegram No. 248 Tour of March 31, received 9.15 p.m.) stated that: 'a small locality in Chapei west of Woosung railway' was 'the only stumbling block towards arriving at definite understanding'. The telegram concluded: '4. Solution as regards this small locality will prove difficult; every possible alternative was suggested today without success. Japanese delegate would only be persuaded to lop off small corner where houses are all in ruins. 5. Otherwise situation is brighter than it has been for some time.'

<sup>3</sup> See No. 160, note 3.

No. 160

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 1, 10 p.m.)*  
*No. 247 Tour. Telegraphic: by wireless [F 3081/1/10]*

SHANGHAI, April 1, 1932

My immediately preceding telegram.<sup>1</sup>

Following is report of conference proceedings, 9th meeting, March 31st.

2. Article 1 having already been adopted, we began with article 2. Argument turned on question of Chinese reservation—see paragraph 4 [? of] my telegram No. 237.<sup>2</sup> Kuo's instructions were to insist on this reservation, preferably in its original form. After some discussion I suggested that just as Japanese side had accepted article 1 on the understanding that 'every form of hostile act' included activities of gun-men, so Chinese side might accept

<sup>1</sup> No. 159.

<sup>2</sup> No. 152.

this article on the understanding that (in words of redrafted reservation) agreement did not imply any permanent restriction on movements of Chinese troops in Chinese territory. This solution was eventually adopted and an awkward corner has thus been turned. Article itself was agreed to in form given in paragraph 4 [? of] my telegram No. 237 followed by original second sentence 'the aforesaid positions are indicated in annex 1 to this agreement'. Kuo then made a declaration which was noted by meeting in the sense of above understanding.<sup>3</sup>

3. Article 3 was again reserved pending results of future discussion regarding its annexes.

4. Articles 4 and 5 having already been adopted, we passed to annexes 1 and 3. Japanese side were still awaiting instructions from Tokyo regarding last paragraphs which they desired to delete—see paragraph 7 my telegram No. 237—owing, as they explained, to legal difficulties connected with any proposal providing for examination of positions of Japanese army by third parties without Japanese participation. I presume these difficulties are connected with well-known constitutional position of Japanese army, as being under the Emperor's sole control.

5. We then reached annex 2 which raised crucial point of Chinese insistence on definite time-table for withdrawal. Both sides made long speeches, re-stating their standpoints and covering old ground at great length. Deadlock again seemed imminent, Chinese insisting on time-limit for complete withdrawal and Japanese insisting that it was impossible to give one. Finally I intervened and suggested that both sides should study further my formula—see my telegram No. 241<sup>4</sup>—and see if it could not be used as a basis on which to build some compromise for bridging the gap between the standpoints of the two sides. On Kuo saying that under his instructions he could discuss nothing . . .<sup>5</sup> cover Chinese point concerning time-limit I reminded him that

<sup>3</sup> In the detailed record of this meeting, received in the Foreign Office on April 26 under Shanghai formal despatch No. 65 T.S. of March 31, a passage here read: 'At Sir M. Lampson's request, Mr. Teichman then read out the Article and declaration as follows:—

"Article II to read as follows:—The Chinese troops will remain in their present positions pending later arrangements upon the re-establishment of normal conditions in the areas dealt with by this Agreement. The aforesaid positions are indicated in Annex I to this Agreement.

"At the time of the discussion on March 31st of this Article the Chinese side made the following declaration to the meeting:—It is understood that nothing in this Agreement implies any permanent restriction on the movements of Chinese troops in Chinese territory."

'Mr Kuo said "and this is accepted by the meeting".

'It was agreed that Article II should be passed as having been adopted.'

<sup>4</sup> See No. 153, note 3.

<sup>5</sup> The text is here uncertain. The relevant passage in the detailed record read: 'Mr Kuo said that he was afraid that anything without a time-limit would be definitely unsatisfactory to the Chinese side. Indeed, under his instructions, he could not discuss any formula that did not provide for this essential point. Sir M. Lampson remarked that in that case they were right up against it. If the Chinese side were adamant in insisting on a time-table and the Japanese side were adamant in refusing to set a time-limit, the middleman could not possibly help. He would be sorry to feel that they had reached such a complete and categorical deadlock. His experience was that in conferences when these obstacles

if both sides remained adamant we as middle men could do no more. He then gave me a private and confidential intimation that he would be prepared later on to continue exploring possibilities of way round and we passed to next item.

6. Annex 4. Only point outstanding in this was last paragraph concerning air reconnaissance—see paragraph 10 my telegram No. 237. At meeting on March 29th<sup>6</sup> French Counsellor of Legation had suggested vaguer formula, 'the Commission will in accordance with its decisions watch in such manner as it may deem best the carrying out of provisions of articles 1, 2 and 3 of this agreement'. This was meant to embrace air reconnaissance and had been accepted by Chinese side. Japanese had referred it and the previous formula to Tokyo and were awaiting instructions. Point was therefore again reserved.

Repeated to Peking, Mission and Tokyo.

were reached it was usually possible to surmount them or find a way round in the end: But if in the present case both sides were going to be adamant, there was nothing more to be done. One could not make white black, nor black white, though one could sometimes reach a compromise on a grey.'

<sup>6</sup> See No. 153. The detailed record of that meeting (see *ibid.*, note 1) contained M. Lagarde's proposal referred to in paragraph 6 above.

## No. 161

*Sir J. Simon to Sir F. Lindley (Tokyo)*

*No. 242 [F 3082/1/10]*

FOREIGN OFFICE, April 1, 1932

Sir,

The Japanese Ambassador called this afternoon in order to make a confidential communication from his Government on the subject of Manchuria and the League of Nations. He told me that the Cabinet at Tokyo had met on the 27th March and reached a decision as to its future attitude on this subject, which the Ambassador was authorised to inform me of verbally. Mr. Matsudaira then proceeded to make a long statement to the following effect:—

He began by referring to the policy which Japan had recommended to the League of Nations in the spring of last year in connexion with the reconstruction of China,<sup>1</sup> viz., to start with technical matters (he instanced education) and to leave on one side at first political questions. This was, his Government considered, the most suitable method for the League to follow in dealing with the Far Eastern problem, for precipitate and ill-informed action about Manchuria could do nothing but harm. It was, he said, in this reasonable

<sup>1</sup> The reference is to the Japanese delegate's statement at the meeting of the Council of the League of Nations on May 19, 1931, in connexion with the Chinese Government's request for the assistance of the technical organizations of the League in the work of reconstruction in China; see *L.N.O.J.*, July 1931, pp. 1082-3.

spirit that Japan had proposed that a commission should be sent out by the League to Manchuria,<sup>2</sup> and this commission had been given terms of reference<sup>3</sup> which would cover the problems of Shanghai. Japan was now anxious about the way in which the decision of the Assembly of the 11th March might be applied and about the future attitude of the Committee of Nineteen in regard to Manchuria. It seemed to be implied in some quarters that there might be an attempt to apply article 15<sup>4</sup> to Manchuria, and, in particular, section 4 of that article, but Japan hoped that any decisions that might hereafter be taken under the resolution of the 11th March would be reached in a careful manner. The Japanese Government, said the Ambassador, appreciated the efforts that had been made at Geneva by the British representative to give the resolution of the 11th March a milder form than the draft had at first proposed,<sup>5</sup> and it was for this reason that Japan on that occasion had abstained from voting. If the committee of the Assembly positively interfered in Manchurian affairs, Japan would not be able to acquiesce by abstention.

Mr. Matsudaira's communication then went on to emphasise the special position of Japan in the Manchuria region. It was, he said, the conviction of the Japanese nation that the special relations of Japan with Manchuria inextricably bound up Manchuria's future with that of the Japanese nation. Japan had staked her national existence on this issue in past wars, while the Chinese were obdurately engaged in anti-foreign agitation. If, therefore, a third party, basing itself on theoretical grounds, were to try to force Japan to take certain action, Japan would have to oppose this dictation, even at the risk of sacrifices. No other course was possible for Japan, whatever Government was in power. The fear that Japan's action in Manchuria might provide a precedent for other cases, for example in Europe, was unfounded, for the special interests of Japan in Manchuria had no parallel elsewhere and China was in a disorganised condition which was unique.

Mr. Matsudaira went on to say that the Japanese Government trusted that common sense would prevail. If, however, the advice of extremists was followed and decisions were reached at Geneva which imposed concrete restrictions upon Japan's action going beyond the purview of the decisions of the 30th September and the 10th December—e.g., if a time-limit were fixed for the withdrawal of Japanese troops—Japan would find herself constrained to take a serious decision. Japan could not in present circumstances withdraw her troops from Manchuria, for if she did the country would be sovietised. Consequently, if so unrealistic a decision were reached at Geneva, Japan would not be able to repeat her moderate action of abstaining from voting, but would be compelled to withdraw her delegation altogether from the Assembly and to take such action as she deemed to be just and legitimate while watching the further action of the League. The Ambassador emphasised that if this course became necessary, Japan would only adopt it

<sup>2</sup> For this proposal of November 21, 1931, see *L.N.O.J.*, December 1931, pp. 2365-6.

<sup>3</sup> See *ibid.*, pp. 2374-5 (paragraph 5 of the Resolution of December 10).

<sup>4</sup> Of the Covenant of the League of Nations.

<sup>5</sup> Cf. No. 62.



with sincere regret. Such a decision would be a drastic change in national policy, for Japan had always wished to co-operate actively in all the work of the League, and it was desirable that the League of Nations should give careful consideration to this aspect of the matter.

The Ambassador stated that the Japanese Government, in making this communication, had no idea whatever of applying any threat to the League of Nations; but it wished to lay before important members of the League with sincerity and candour how difficult the position would be in the event referred to, for it was Japan's wish that the eventuality should be avoided and that she should be able to continue to co-operate on the lines of the resolutions of the 30th September and the 10th December.

I asked the Ambassador if he could tell me whether a similar communication to that which he had just made to me was being made to any other Powers. Mr. Matsudaira replied that he understood that a similar communication was being made at Paris, Rome, Brussels, Athens and Prague.<sup>6</sup> He did not think that Germany was being informed, and the reason why Greece and Czechoslovakia were getting the information was because M. Politis and Dr. Benes were among those who, he thought, had taken a reasonable and moderate point of view of the Far Eastern problem at Geneva.

I enquired whether the Japanese Government thought it would be possible to keep so important a communication confidential when it was made to so many recipients, and the Ambassador said that, realising this difficulty, he had suggested to his Government a more restricted range. But, as he knew that the Japanese Minister at Prague had already made the communication, it seemed improbable that the list of recipients would be more restricted. I said that our own information from Tokyo showed that the subject was already being widely discussed there.<sup>7</sup>

I observed to the Ambassador that I noted that this grave and important communication did not go to the length of suggesting that Japan had, in certain events, any intention of leaving the League of Nations, and Mr. Matsudaira confirmed my impression as to this. I did not discuss the subject further with him, except to say that it seemed to me that the attitude of public opinion would be much influenced by the rapidity with which Japan enabled the Shanghai problem to be disposed of. Whatever might be the merits of Japan's contentions about Manchuria, they were gravely prejudiced by the long delay in reaching a settlement to withdraw at Shanghai.

I am, &c.,

(for the Secretary of State),

C. W. ORDE<sup>8</sup>

<sup>6</sup> For a similar communication made to the U.S. Secretary of State and recorded by him in a memorandum of April 4, see *F.R.U.S. Japan 1931-1941*, vol. i, pp. 87-89.

<sup>7</sup> See, e.g., Nos. 143 and 147.

<sup>8</sup> A note on the file by Mr. Orde reads: 'Copy sent to Sir J. Pratt at Geneva. C. W. O. 5/4.'

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 6)**No. 180 [F 4001/1/10]**Confidential*

TOKYO, April 1, 1932

Sir,

With reference to my telegrams Nos. 180 and 183<sup>1</sup> of the 27th and 28th ultimo respectively, I have the honour to report that the first of those telegrams, stating that I had heard from a trustworthy source that the Japanese Government had decided two days earlier to leave the League of Nations if Article 15 were applied to Manchuria, was despatched as the result of a conversation I had that morning with the local agent of Messrs. Reuter. This gentleman, who is a personal friend of mine, informed me that he had been told the day before by Mr. Shiratori, of the Press Bureau of the Gaimusho, that this decision had been taken. I was not altogether surprised at this news as there had for some days been a campaign in the newspapers, obviously officially encouraged, against the League and all its works. All the old arguments were trotted out again—how the League did not understand the Far Eastern situation, how the Covenant was not framed to meet such a situation and how both Covenant and Treaties were made for man, not man for the observance of covenants and treaties which were out of date and contrary to common sense.

2. On the following day I asked for an interview with the Minister for Foreign Affairs and enquired what all this agitation in the Press meant. Was it a fact that the Japanese Government really intended to leave the League if Article 15 were applied to the Manchurian dispute? Mr. Yoshizawa replied categorically that the Japanese Government had no such intention; but they were absolutely determined that the Manchurian question should only be treated in accordance with the Resolutions of the Council of September and December. A commission had been appointed by the League under the latter Resolution which clearly defined the limits of its action. The proper procedure was to wait until this commission had reported before dealing further with the Manchurian question. The Japanese Government knew that certain members of the Committee of Nineteen, such as Señor Mada-riaga of Spain, were agitating in favour of applying Article 15 to the Manchurian affair. If these representatives succeeded in persuading the Assembly, when it met in May, to pass a resolution on the Manchurian question or to intervene in the Manchurian dispute, the Japanese delegates would be instructed to leave Geneva. This decision had probably leaked out and been confused by the public into one to leave the League of Nations altogether. The Minister could only reiterate that the Japanese Government had no intention at present of doing anything of the kind.

3. Mr. Yoshizawa then went on to inform me most confidentially that the Japanese Government had decided that it was wise to make their position

<sup>1</sup> Nos. 143 and 147 respectively.

clear to the Great Powers and to the Representatives of one or two of the smaller ones, confidentially, some time before the Assembly met. He thought this procedure would be more likely to avoid friction and to lead to a friendly settlement than if the Japanese Government were to say nothing until the Assembly met in May and then to come out with a threat of leaving Geneva. He was on the point of sending instructions to Mr. Matsudaira to make a communication to yourself in the above sense,<sup>2</sup> as well as to the relevant Ambassadors in Paris, Rome and Berlin to do the same. He also intended to warn Mr. Politis and Mr. Benes, not because they represented Powers of importance, but because they themselves exercised considerable personal influence at Geneva.

4. I thanked the Minister for his confidence, and told him that, speaking personally, I thought he was wise in making known the decision of the Japanese Government some time beforehand. I did not express any opinion as to the wisdom of that decision but I thought that it was certainly better that we should know it before the Assembly met.

5. I do not quite understand from the reports which have reached me what the attitude of the Assembly or the Council is towards the application of Article 15 to the Manchurian question, or how far the Assembly is committed to consider that question at all. In my telegram No. 49<sup>3</sup> of the 29th February last I ventured to utter a strong warning against any attempt to deal with the Manchurian question before the Shanghai difficulty was settled, and to express the opinion that the Japanese contention that the League Commission must report before Manchuria was dealt with, was, if not legally unassailable, at least defensible as a justification for separating entirely the consideration of the two questions. That warning retains all its validity, since the Japanese Government and the whole Japanese nation are as determined as ever they were to admit no serious intervention from any quarter in the settlement of the Manchurian problem. Any attempt at such intervention, such as the application of Article 15 to the question, is bound to lead to most serious complications and to the Military party increasing their already strong hold on the imagination of the Japanese. In this respect we are passing through a quieter phase than we have experienced for some time; and I learnt last night confidentially from Baron Harada, who is in constant touch with Prince Saionji, that the latter was more optimistic as regards the future internal position of the country than he had been for some time. The Prince was convinced that, although it was necessary to proceed with the utmost prudence, it would be possible to get the country back into a normal state of mind provided no fuel were given to the ultra-patriotic clique. I should also mention that both Baron Harada and Count Makino, and several other prominent Japanese, have recently expressed to me their great gratitude for the line taken by His Majesty's Government and especially by you, Sir, at Geneva.

I have, &c.,  
F. O. LINDLEY

<sup>2</sup> Cf. No. 161.

<sup>3</sup> Volume IX, No. 620.

No. 163

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 2)*

*No. 181 [F 3860/40/23]*

*Confidential*

TOKYO, April 1, 1932

Sir,

I have the honour to transmit, herewith, an interesting memorandum drawn up by the Counsellor of this Embassy, in which Mr. Snow discusses and explains the ultra-nationalist and super-patriotic wave which has recently swept the country.

2. Whilst it is true that there is no outward sign of disapproval, much less of ridicule, of the fantastic lengths to which our 'Idealists' are prepared to push their doctrines, I am inclined to think that this silence is due rather to the reign of terror exercised by the reactionary societies than to the absence of any considerable number of dissidents. Nor am I able to believe that it is possible in any body politic to push matters so far as they are being pushed here without the certainty of a strong, and possibly disastrous, reaction sooner or later. It must also be borne in mind that the Japanese are notoriously prone to fits of extreme and passing ardour of an intensity unknown in the West.

3. The above qualifications, even if they turn out to be justified, detract neither from the interest of Mr. Snow's memorandum nor from the importance of his subject. While it is easy in certain circumstances to foretell an event, it is almost impossible ever to predict when it will occur; and there is no denying that Japan, in her present mood, is such a dangerous member of Society that any considerable delay in the fulfilment of my prognostications might be fraught with the most deplorable consequence. None the less I consider that, if the Manchurian complication can be solved without an explosion, the ultra-patriotic fervour from which we are suffering may well die down rapidly and be replaced by the sweet reason of disillusion.

I have, &c.,

F. O. LINDLEY

ENCLOSURE IN NO. 163

*Memorandum on Japanese Nationalism*

TOKYO, March 31, 1932

In Tokyo despatch No. 612<sup>1</sup> of the 26th December last, regarding the military resources of Japan, reference was made to measures taken under the Shinto system of State religion as well as by the military authorities to uphold the Japanese people's ancient conviction of their privileged origin and destiny. It may be difficult in the Western world to realise that in Japan belief in the Divine origin of the people and their ruling house is equally a matter of religion, patriotism and ordinary decorum. Not that this belief is

<sup>1</sup> Volume IX, No. 29.

reasoned out. What is important is that the measures alluded to are effective measures. Reason is not required, but the deeply-seated conviction that Japan must fulfil her destiny colours the emotions of every Japanese.

2. While these convictions inevitably determine the reactions of the Japanese Nation to any policy affecting its future, it must be added that it was for long a commonplace in Western treatises on Japan, often written under missionary influences, that the mere conviction of special privilege would not in itself enable Japan to put forth those sustained efforts by dint of which Western Christian States had emerged as Imperialist Powers: Japan, it was held, lacked the altruistic ideals which alone could supply the driving-force necessary for success in that direction. It may be of interest to draw attention here to facts which appear to show that the younger military elements in this country are aware of this joint in the Japanese armour, and are anxious to cover it over.

3. In the sixth paragraph of the enclosure to Tokyo despatch No. 152<sup>2</sup> of the 21st instant, Colonel Simson, Military Attaché at this Embassy, in drawing attention to various characteristics of present-day Japan, observed that at the moment the temper of the country was tainted with the belief that it was an agent of regeneration in this world, particularly in opposition to Western Culture. Enthusiasm for the Manchurian venture has been kindled by repeated announcements, which may no doubt be genuinely credited by Japanese military men, that it is Japan's mission to convert that country into an 'earthly Paradise'. There are, perhaps, relatively few Japanese to whom, on reading such announcements, it would occur to enquire how far this object has actually been attained in their own country. In any case the military would have a ready reply to any such enquiry. Indeed, the blame, by implication, has already been laid upon the Capitalist, and it has been announced that in Manchuria Capitalist exploitation will be severely controlled. Statements of this kind may be read naïvely reproduced side by side with descriptions of grandiose projects, demanding proportionate capital outlay, for road-making, railway-building, large-scale agricultural settlement by Japanese and Corean colonists and intensive industrial development of all kinds in the promised land.

4. The partisans of this military, anti-capitalist movement are known as Japanese Nationalists, and their aims are illustrated by the enclosed article<sup>2</sup> from the 'Japan Advertiser' of the 24th instant, relative to the forthcoming publication of a new organ named the 'Japanese Nation'. The claim that this will be the world's biggest magazine may well prove wide of the mark. Its sponsors have equally little hesitation in affirming that the destiny of the world is in the hands of the Japanese Nation, and that humanity will awaken one morning to find, to its benefit, that there is 'nothing in the world but Japanese Nationalism'. Humanity, it is explained, is at present out of touch with nature, but will be led, under Japanese guidance, into a land where 'the sun, dreams, cold and heat, Japanese flowers and rain can be thoroughly enjoyed'.

<sup>2</sup> Not printed.

5. Such phantasies of beneficent domination, if they can so be termed, might be regarded in the Western world of to-day as calling for treatment in the humorous papers, if not the mental hospitals, though here they are regarded with seriousness. Indeed the idea that the mission of Japan, in whatever terms presented, could be regarded otherwise than seriously, would not enter into Japanese thought. It is natural to ask, how soon the Japanese people may be expected to develop more critical powers. The answer would seem to be that as long as the present faith continues to produce results which she regards as satisfactory in practice, Japan will profess it with increasing pertinacity. *Vires acquirit eundo*.<sup>3</sup> This conclusion is borne out by the fact that in Japan at the present date, where, in material matters, there is every evidence of modern progress and where there is, too, a vast reading public, reached by periodicals of all kinds, including well-equipped and prosperous newspapers with circulations which would be envied in any country, the inconsistencies and absurdities mentioned above have failed, apparently, to elicit a single word of comment, let alone an expression of natural misgiving as to the ultimate success of the policy with which they are connected. Further, the general direction which this policy would follow, if free to do so, may be seen from the annexed translation of an article<sup>2</sup> entitled 'Seceding from the League', which appeared in the 'Nichi Nichi' of the 29th instant. Under the heading 'The path for Japan to follow' the article contains this passage:— 'Life is after all a practical matter. Suppose one nation is suffering from overflowing population while another, with a vast expanse of territory, is distressed from scarcity of population, since its natural resources have been neglected in the absence of means of exploitation. The injustice of undue suppression by the latter of the former's attempt to find its peaceful way into the other is plain enough', &c.

6. Some attention ought, perhaps, to be drawn to the names of those who, according to the list accompanying the 'Japanese Nation' manifesto, have promised to contribute to the new organ. The list contains the names of serious and educated men of good position, men from whom it would be natural to look, in the Western world, for expressions of enlightened opinion, and not for the wild language of the manifesto. This point seems to require stressing because those living here have gained, as will be seen from Tokyo telegram No. 684 of February 4th [5th] last, the impression on occasion of living in a madhouse, whereas members of the League Commission, on their way through, made plain their belief that there was a leaven of liberal opinion in Japan which would appreciate and be fortified by the reasonable nature of their eventual report. In the light of experience on the spot an attempt to appeal to the reasonableness of liberal-minded men should, perhaps, nevertheless be regarded with misgiving in a country where there is, on certain subjects, no power to see reason, and where men of liberal mind, though they are to be met with in private life, particularly among

<sup>3</sup> Cf. Virgil, *Aeneid*, iv, line 175: 'mobilitate viget viresque acquirit eundo' (she [Rumour] thrives on activity and gathers strength as she goes).

<sup>4</sup> Volume IX, No. 319.

Japanese conversant with life outside Japan, are publicly inarticulate and in any case possess, with the single exception of the one surviving Genro,<sup>5</sup> no directing influence in the political organization. It is true that at first sight liberal principles may appear to have guided the Japanese State at the time, e.g., of the Washington Conference<sup>6</sup> or during Baron Shidehara's tenure of the Gaimusho in the last Minseito Ministry.<sup>7</sup> But at present there is, perhaps, better ground for regarding this appearance as an illusion. A single blow destroyed Baron Shidehara's policy.<sup>8</sup> Japan's concessions at the time of the Washington Conference, according to the best-received opinion here, were dictated by the knowledge that, at the time, her armaments were out of date, and Great Britain and the United States were at the probable zenith of their military and naval power.

T. M. SNOW

<sup>5</sup> Prince Saionji; see No. 57, note 3.

<sup>6</sup> For documents relating to this Conference (Nov. 1921–Feb. 1922), at which Baron Shidehara was a Japanese delegate, see First Series, Volume XIV, Chapter VI.

<sup>7</sup> i.e. Baron Wakatsuki's ministry, April–December 1931. For Sino-Japanese relations at that time, cf. No. 125, paragraph 4 and note 2.

<sup>8</sup> A reference presumably to the Mukden incident of September 18–19, 1931; cf. No. 154, note 2.

## No. 164

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 6)*

*No. 183 [F 4002/451/10]*

TOKYO, April 1, 1932

Sir,

As reported in my telegram No. 184<sup>1</sup> of the 28th ultimo, I spoke on that day to the Minister for Foreign Affairs on the position of the Chinese Maritime Customs régime in Manchuria. I reminded His Excellency that it had been the consistent aim of all the Powers in China to maintain the integrity of the Customs. It had been a difficult task in the face of the secession at various times of different Chinese provinces but, on the whole, our efforts had been successful and the Maritime Customs remained the one solid branch of the Chinese administration. If the new Manchurian Government were allowed to break up this integrity, it would be almost impossible to prevent other Chinese provinces from doing the same in the future, and we should be faced with a state of things from which the Japanese would suffer as much as anyone else. I urged him therefore to use all the influence he had with the Manchurian Government to induce them to come to some arrangement with the Inspector-General which the Chinese Government could accept.

2. Mr. Yoshizawa listened carefully to what I had said and appeared to share my view that it was of the first importance that the Customs admini-

<sup>1</sup> Not printed.

stration should remain united. He had been away for some days from Tokyo in order to pay his respects to the Ise Shrine, but he promised to give the matter his earnest attention.

3. I have just received an interesting despatch from the Acting British Consul at Dairen, of which a copy is enclosed herewith.<sup>2</sup> It will be seen from Mr. Denning's confidential report that Mr. Fukumoto, the Japanese Commissioner of Customs at Dairen, has been greatly concerned at the turn which events have been taking in Manchuria and that he made a personal visit to Mukden in order to influence the authorities not to break up the unity of the Customs. These efforts appear to have met with some success, but I will take the first opportunity I have of again speaking to the Minister for Foreign Affairs and urging him to fall in with our views.

4. It will be observed from Mr. Denning's report that the Military party in Manchuria exercises what amounts to a reign of terror, and that no Japanese can safely criticise them. Much the same thing obtains here, as is mentioned, incidentally, in my despatch No. 181 of to-day's date.<sup>3</sup> In fact, I do not hesitate to say that Mr. Fukumoto has run a very great personal risk in taking the line he has.

I have, &c.,  
F. O. LINDLEY

<sup>2</sup> Mr. Denning's despatch No. 34 of March 16 is not printed.

<sup>3</sup> No. 163.

## No. 165

*Sir J. Simon to Sir M. Lampson (Shanghai)*  
*No. 53 Tour. Telegraphic [F 2985/1/10]*

FOREIGN OFFICE, April 2, 1932, 2.15 p.m.

My telegram No. 41 Tour<sup>1</sup> (of 18th March: British forces at Shanghai).

War Office desire to reduce garrison to normal strength at earliest possible moment and enquire what is approximate date at which it will be possible to withdraw one battalion to Hongkong. They hope that it may be found possible to dispense with this battalion in the course of a fortnight or so providing nothing untoward occurs.

Please telegraph your observations.<sup>2</sup>

<sup>1</sup> No. 108.

<sup>2</sup> Sir M. Lampson telegraphed on April 3 (Shanghai telegram No. 255 Tour, received 4.30 p.m. that day) that it would be premature to withdraw a battalion until it was known whether the negotiations in progress would be successful, and this 'we should know in, say, another week'.



*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 2, 8.30 p.m.)*  
*No. 251 Tour. Telegraphic: by wireless [F 3086/552/10]*

SHANGHAI, April 2, 1932

Chief Inspectors of Salt have notified me on the instructions of Minister of Finance of the taking over of salt administration in Manchuria by new Government.<sup>1</sup> They state that on March 28th order was served on district inspectors purporting to come from new Minister of Finance demanding transfer of collecting functions; offices were forcibly taken over and proclamation issued that functions of Inspectorate had ceased.

2. Chief Inspectors point out . . .<sup>2</sup> of events in this connexion which were reported to you by telegraph from Peking last October,<sup>3</sup> Manchurian authorities had confined themselves to expropriation of surplus revenue and had not interfered with collection of revenue or remission of loan quotas. Action now taken breaks up integral salt inspectorate and it is requested that His Majesty's Government make urgent representations to Japanese Government.

3. Apart from irregularity of method of approach through Chief Inspectors it does not seem to me that we are called upon to intervene. Chinese Government in 1928 departed from strict provisions of re-organisation loan agreement<sup>4</sup> by introducing loan quota system and assumed full responsibility for service of foreign loans secured on salt. Foreign Governments concerned then declared they could not accept loan quota system as a satisfactory alternative of arrangements prescribed in agreement and that China must be responsible for the loan service whether system were successful or not.

4. Group banks<sup>5</sup> have not been officially notified of action taken against salt administration and representative of Hongkong and Shanghai Bank whom I have consulted is inclined to the view that they would not feel called upon in any case to invoke the intervention of their Legations. None of the salt revenue is any longer deposited with group banks who merely receive cheques for loan service as it becomes due.

5. I do not see there is any action that we can usefully take. Chinese were the first to break the provision of re-organisation loan agreement: now they run both ways.

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> Newchwang telegram No. 4 of March 31 to Sir M. Lampson (repeated to the Foreign Office on April 2 in Peking telegram No. 178) had stated that: 'By order of Changchun Government local Salt Inspectorate has been closed and all business is to be transacted by Salt Transportation Office.' Cf. *F.R.U.S.* 1932, vol. iii, p. 663.

<sup>2</sup> The text is here uncertain.

<sup>3</sup> Cf. Volume VIII, No. 731, paragraph 3.

<sup>4</sup> This agreement of April 26, 1913, is printed in J. V. A. MacMurray, *Treaties and Agreements with and concerning China 1894-1919* (New York, 1921), (MacMurray), vol. ii, pp. 1007 ff.

<sup>5</sup> i.e. the banks concerned in the Reorganization Loan and the China Consortium.

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 2, 8.30 p.m.)*

*No. 252 Tour. Telegraphic: by wireless [F 3087/1/10]*

SHANGHAI, April 2, 1932

My telegram No. 246.<sup>1</sup> Paragraph 4.

Informal tea party meeting took place at Consulate General on evening of April 1st.<sup>2</sup> There were present, Japanese Minister, Kuo, myself and my three colleagues and Mr. Teichman. We discussed annex 2 and time limit difficulties for two hours.

In the course of long explanation of Chinese standpoint in insisting on time limit, Kuo referred to the good effect which an 'announcement' by Japanese concerning withdrawal by a fixed date would have on Chinese public.

Japanese Minister took usual line in emphasizing that troops would be withdrawn as soon as possible but that Japanese military authorities could not commit themselves to a time limit. I and my colleagues working on Kuo's remark brought the discussion round to the following suggestion: annex 2 should be amended in the sense suggested in my telegram No. 241<sup>3</sup> and that this should be implemented by voluntary declaration by Japanese side going as far as they could towards setting a time limit. United States Minister suggested this declaration might take the form of Japanese army orders or a proclamation by the Japanese military authorities. Both sides agreed to study this suggestion and seemed to think it a promising line to follow though Japanese Minister objected to any addition to the annex. Crux of the proposal would of course remain question of how far Japanese would go in any such declaration towards intimating their readiness to complete the withdrawal by a fixed date.

2. In the course of discussion I suggested the possibility of seeking a solution along the lines of referring the matter to some outside neutral body in the event of Chinese considering that withdrawal was being unduly delayed. But neither side were responsive to this idea.

3. By previous arrangement with me, Mr. Teichman threw out the suggestion that in the last resort Chinese might in concluding agreement record their view that spirit of the resolution of March 4th and the terms . . .<sup>4</sup> would not be finally implemented until the Japanese troops had been withdrawn to areas specified in the first sentence of Article 3.<sup>5</sup>

<sup>1</sup> No. 159.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 659-60.

<sup>3</sup> See No. 153, note 3.

<sup>4</sup> The text is here uncertain. The relevant passage in the detailed record of this meeting (received on May 10 under Shanghai formal covering despatch No. 66 T.S. of April 1) read: 'Would it not be possible for the Chinese side in concluding this Agreement . . . to make some statement or reservation to the effect that the Chinese side considered that the terms of the resolution and of the Agreement would not have been fully implemented by the Japanese side until the Japanese troops . . .'

<sup>5</sup> The following passage occurs in the detailed record: 'There was some discussion about this suggestion, and as to the precise effect of such a reservation. It was agreed that such a

4. At the conclusion of the meeting I brought up the point (which had been reported to us by our Military Attachés) that Japanese representative in military sub-committee had been insisting that under Article 2 Chinese should define their position south of Suchow Creek and the Settlement and east of Wangpu River which Chinese side refused to do as being outside the scope of negotiations. I and my colleagues supported Chinese view that this was a new idea and inadmissible, that we were only dealing with area recently hostile and that to reduce the point to an absurdity one might call upon the Chinese to define their positions all over China; Japanese Minister tried to argue that Japanese Military Authorities had to protect their rear across the Wangpu River but eventually agreed to speak to his Military Authorities on the subject.

5. Since then this point has come up again this morning, April 2nd, and even threatens to hold up the work of military sub-committee . . .<sup>6</sup> almost certainly mean re-opening the discussion of the meeting, I tackled the Japanese Minister once more and warned him that if pressed this point might wreck the whole conference just when we were beginning to see the way out of the wood. Chinese would inevitably link matter up with the to them hateful idea of demilitarised zone round Shanghai; and to press it would almost certainly mean the re-opening of the discussion regarding 'pending later arrangements' under Article 2 now at last disposed of. This seemed to be a fresh angle to Japanese Minister.

Repeated to Peking, Mission and Tokyo.

solution would be very much of a *pis aller* and that it would be much better to seek a solution along the lines of Mr. Johnson's suggestion of a declaration by the Japanese side if that were found to be practicable.'

<sup>6</sup> The text is here uncertain. For a report of the military sub-committee's meeting on April 2, see No. 169 below.

## No. 168

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 3, 9 p.m.)*

*No. 253 Tour. Telegraphic: by wireless [F 3093/1/10]*

SHANGHAI, April 3, 1932

My telegram No. 247 tour.<sup>1</sup>

Following is report of conference proceedings of tenth meeting April 2nd.<sup>2</sup>

2. Annex 1 and 3. Japanese side having received satisfactory replies from Tokyo both Annexes were adopted (except for definitions of Chinese positions and Japanese localities) with last paragraphs in the following form: 'In the event of doubts arising in regard thereto, the positions (localities) in question will, upon request of joint commission, be ascertained by representatives of participating friendly Powers, members of joint commission'.

<sup>1</sup> No. 160.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 658 and 660.

3. Annex 4. This was adopted with last paragraph in following form: 'The commission will in accordance with its decisions watch in such manner as it deems best the carrying out of articles 1, 2 and 3 of this agreement'. Japanese delegates were authorised to agree to this formula on the understanding that it included air reconnaissance.

4. Meeting then passed to consideration of annex 2 and question of timetable for final withdrawal. Usual discussion followed both sides recapitulating old arguments.<sup>3</sup> Finally I intervened and suggested consideration of proposal which I had made on March 29th for new second paragraph to annex 2 (see my telegram No. 241)<sup>4</sup> which I suggested could be supplemented (i.e. by some sort of voluntary declaration by Chinese [? Japanese]).<sup>5</sup> After some discussion Kuo in reply to my direct enquiry said this might possibly be made to meet the case if improved upon so as to give some indication of time limit. Japanese Minister said he had referred my formula to Tokyo and was still awaiting their reply. He could not however commit himself to inserting anything of this kind in the agreement (meaning that Japanese were rather considering its incorporation in some declaration).<sup>6</sup>

5. Conference then adjourned until the afternoon of April 4th. It was decided that Mr. Teichman should in the meantime prepare revised draft incorporating all agreed matters. This will leave outstanding only the opening words of Article 3 (which are reserved pending agreement on annexes) definitions of Chinese positions and Japanese localities and annex 2 containing programme of withdrawal.

Repeated to Peking, Mission and Tokyo.

<sup>3</sup> e.g. in the detailed report of this meeting (received in the Foreign Office on May 4 under Shanghai formal covering despatch No. 68 T.S. of April 2) it is recorded that: 'Mr Kuo said that the main point was to convince the Chinese public of the sincerity of the Japanese intention to withdraw her troops. Unfortunately statements had recently been made by public men in Japan which would have precisely the opposite effect. For instance, he would mention the statements alleged to have been made by General Araki, the Minister of War [see No. 158, note 6]. Mr Shigemitsu replied that General Araki had unfortunately been misquoted. All that he had meant to say was that the Japanese troops would be withdrawn as soon as conditions permitted.'

<sup>4</sup> See No. 153, note 3.

<sup>5</sup> Cf. No. 167.

<sup>6</sup> The detailed record here read: 'After some further desultory discussion, Mr. Kuo suggested that another Sub-Committee might be established to work on this point of a time-limit. After some further conversation, Mr Shigemitsu suggested that the Military Sub-Committee might handle this also. Sir M. Lampson and his Colleagues here interposed, however, and expressed the view that this not being a strictly military matter, it would perhaps be better if it were not handled by the Military Sub-Committee. It was rather a question of finding a formula—in fact a matter of ingenuity. Mr Shigemitsu said that in any case he thought it would be better to wait until he had received his reply from Tokyo. Then, at the next meeting, they could consider the point about establishing another Sub-Committee. This was agreed to.'

No. 169

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 4, 9.30 a.m.)*  
*No. 254 Tour. Telegraphic: by wireless [F 3094/1/10]*

SHANGHAI, April 3, 1932

Report of Military sub-committee April 2nd.

Japanese delegates at once introduced question of position of Chinese troops east of Wangpu River. Chinese delegates refused to discuss this matter as irrelevant to present situation and outside scope of sub-committee's instructions. Neutral Military Attachés suggested possible way out as [*sic*] referring point to main conference.<sup>1</sup> Japanese delegate wasted much time in declaring it was useless his discussing 'withdrawal' in any shape or form unless question of position of Chinese troops east of the River was first settled.

2. After argument, Japanese delegate was induced to resume conversations on withdrawal pending a ruling by main conference regarding question of present position of Chinese troops east of the River. Both sides then referred back to Woosung locality<sup>2</sup> putting proposals which varied from tentative agreement already reached regarding area. Delegates of both sides had apparently had instructions from their governments regarding their commitments as a whole.

3. Meeting was unsatisfactory, Japanese attempt at camouflaged demilitarisation all round Shanghai being too obvious for Chinese to accept in any shape or form. Meeting terminated with both sides avowing their sincerity whereupon neutral Attachés suggested next meeting should be Monday<sup>3</sup> to coincide with that of main conference.

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> The detailed report of this meeting, received on May 4 under Shanghai formal covering despatch No. 69 T.S. of April 2, here recorded: 'It was agreed to submit the matter for the consideration of the main conference.'

<sup>2</sup> The detailed report here read: 'Discussion was resumed regarding the Chapei triangle and areas near Woosung.'

<sup>3</sup> April 4.

No. 170

*Sir J. Simon to Sir M. Lampson (Shanghai)*  
*No. 54 Tour. Telegraphic [F 2444/451/10]*

FOREIGN OFFICE, April 4, 1932, 3.30 p.m.

Your telegrams Nos. 167 to 243<sup>1</sup> (Manchurian Customs Administration).

1. The Un[i]ted States Government have requested us, through Embassy here, to join in filing in Tokyo and Nanking 'objections and reservations'

<sup>1</sup> Shanghai telegram No. 167 is printed as No. 49 above. For a recapitulation of the reports in succeeding telegrams on this subject, e.g. Nos. 213 of March 20, 224-5 and 228-9 of March 25, and 243 of March 30, see No. 178 below, paragraphs 11, 13-16.

based on Article 2 of the Nine Power Treaty which in their view 'would forbid the Japanese Government to institute or instigate an independent Customs Administration in Manchuria'.<sup>2</sup> Sir V. Wellesley sent for the United States Chargé d'Affaires today and explained fully the views of His Majesty's Government.<sup>3</sup> These were then embodied in a document text of which is contained in my immediately succeeding telegram<sup>4</sup> and which Chargé d'Affaires is communicating to his Government.<sup>5</sup>

2. You will observe that in my view if any representations are to be made to Japan they should be made in relation to the independent State of Manchuria rather than to the Customs Administration. You will also observe that I attach the greatest importance to the maintenance of the integrity of the Customs Administration. I doubt, however, whether it is possible to take other or more effective steps to save the Customs than those already taken by you and His Majesty's Ambassador at Tokyo. Formal representations might do more harm than good. I warmly approve your action in the matter and hope that your efforts may yet be crowned with success.

Repeat to Tokyo.

<sup>2</sup> See *F.R.U.S.* 1932, vol. iii, pp. 562-3.

<sup>3</sup> The reference appears to be to an interview on April 1 on which Sir J. Pratt minuted as follows: 'He [i.e. Mr. Atherton] was interviewed by Sir V. Wellesley and Sir J. Pratt, who explained to him the reasons which seemed to make it necessary, in the view of H.M. Government, why, if representations were to be made to Japan at all, they should be made on the ground of the setting-up of an independent State of Manchuria rather than on the ground of the separate Customs Administration. Mr. Atherton was also told that we did not think such representations would do any good, and that they might do a certain amount of harm, but that, if the U.S. still desired that they should be made, we would not stand aside. We suggested, however, that it would be better that such representations, if made, should be made verbally and simultaneously to the Japanese Ambassadors in Washington and London respectively rather than by means of a joint démarche in Tokyo. At Sir V. Wellesley's suggestion, Mr. Atherton then came down to Sir J. Pratt's room, and Sir J. Pratt dictated with Mr. Atherton's help and handed to him a fairly full statement of the views of H.M. Government. Mr. Atherton will telegraph the gist of this statement to the State Department to-day, and will send the text of it by mail. . . . J. T. Pratt 1st April 1932.'

<sup>4</sup> No. 171.

<sup>5</sup> For Mr. Atherton's despatch of April 1 to the U.S. Secretary of State, see *F.R.U.S. op. cit.*, pp. 656-7.

## No. 171

*Sir J. Simon to Sir M. Lampson (Shanghai)*

*No. 55 Tour. Telegraphic [F 2444/451/10]*

FOREIGN OFFICE, April 4, 1932, 3.30 p.m.

My immediately preceding telegram.<sup>1</sup>

The maintenance of the integrity of the Chinese Customs Administration, in spite of the disruptive tendencies so frequently observed in Chinese domestic politics, has always been a cardinal point of British policy. His

<sup>1</sup> No. 170.

Majesty's Government have, therefore, viewed with grave concern the recent developments in the Far East, which seem likely to result in the establishment of a separate independent Customs Administration in Manchuria. In their view, however, the establishment of such a separate Customs Administration is only one of the consequences—and perhaps an inevitable consequence—of the establishment of the independent State of Manchuria. It would seem to be illogical, therefore, and possibly a source of confusion, to deal with the former question prior to, and apart from, the latter. Moreover, while there can in practice be no real doubt that Japan has instigated the establishment of an independent State of Manchuria it is not at all so certain that she has in fact instigated the setting up of a separate Customs Administration. During the last few weeks His Majesty's Government has made every effort, by means of advice, expostulations and private negotiations, both at Tokyo and Nanking to save the integrity of the Chinese Maritime Customs. The present position is that the Manchurian authorities are willing to agree to the same sort of compromise that was adopted in Canton last year by which, in spite of Canton's declaration of independence, the integrity of the Customs was saved. The Nanking Government—though all hope is not yet lost—show signs of obdurately refusing any compromise. There can be no doubt than Manchuria's willingness to avoid breaking up the Customs Administration is due to the influence in that direction exercised on them by Japan. His Majesty's Government are, therefore, averse to making formal representations to Japan on the point of the integrity of the Customs because Japan's reply would be that the setting up of an independent Customs Administration in Manchuria was the logical and possibly inevitable corollary to the establishment of an independent State; that the establishment of a separate Customs Administration could only be avoided by some sort of compromise between Manchuria and China; that Japan was strongly in favour of some such compromise; that Manchuria had actually offered such a compromise, but that China had obstinately refused; and that consequently the breaking up of the Customs Administration was due not to any instigation by Japan, but to the short-sightedness of the Chinese Government in refusing a reasonable compromise. It would seem to follow that if any representations are made to Japan, they should be made on the ground that Japan has instigated the establishment of an independent State of Manchuria. It is already known, however, that Japan adopts the attitude that neither the Japanese Government nor any Japanese official has had anything whatever to do with the establishment of an independent State of Manchuria. If the British or United States or both Governments make representations to her on this ground, she will merely reply to us, as she has replied to others, that we are knocking at the wrong door. His Majesty's Government, therefore, do not believe that such representations would do any good, but fear on the contrary that they may do some harm. Nevertheless, if in spite of these considerations the United States Government are still anxious that representations should be made, His Majesty's Government would not stand aside. They suggest, however, that any such representations should not take

the form of a joint *démarche* in Tokyo, for there can be no doubt that such joint representations excite public agitation, and only play into the hands of the extremists in Japan. If the United States still desire that representations should be made, His Majesty's Government suggest that such representations should be made verbally and simultaneously to the Japanese Ambassadors in Washington and London respectively. If such representations are made it might be pointed out that the establishment of an independent State in Manchuria is likely to result in the disruption of the Chinese Customs Administration. Such a development would probably be regarded as unfavourably by Japanese interests as by those of the United States or Great Britain.<sup>2</sup>

<sup>2</sup> Sir F. Lindley commented on this telegram in Tokyo telegram No. 189 of 1.17 p.m. (received at 9.30 a.m.) on April 8, 1932: 'I agree entirely.'

### No. 172

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 4, 11.15 a.m.)*  
*No. 186 Telegraphic [F 3092/1/10]*

TOKYO, April 4, 1932, 6.30 p.m.

My telegram No. 181.<sup>1</sup>

I urged Minister for Foreign Affairs again today to use all his influence to induce Military authorities to make substantial concessions regarding points raised in Sir M. Lampson's latest telegrams.

Minister for Foreign Affairs said he was most grateful for Sir M. Lampson's help in negotiations and that you had impressed on Japanese Ambassador the importance of settling Shanghai affair without delay.<sup>2</sup>

I had a better impression than after the last interview and do not doubt Minister for Foreign Affairs will do all he can.

Repeated to Shanghai.

<sup>1</sup> No. 146.

<sup>2</sup> See No. 161, last paragraph.

### No. 173

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 4, 12.35 p.m.)*  
*No. 187 Telegraphic [F 3096/451/10]*

TOKYO, April 4, 1932, 6.40 p.m.

My telegram No. 184.<sup>1</sup>

I urged Minister for Foreign Affairs again today in the sense of my above-mentioned telegram informing him that I had heard that military party in Manchuria were anxious to set up entirely separate customs régime.

<sup>1</sup> See No. 164, paragraph 1.



Minister for Foreign Affairs replied that he was entirely opposed to this. Negotiations were going on between Manchurian authorities and representative of Inspector General of Customs and he hoped a satisfactory arrangement might be made. But he understood that the Chinese Minister of Finance objected to any arrangement on principle. This was natural but if persisted in would make position most difficult.

Repeated to Shanghai.

#### No. 174

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 5, 7.10 p.m.)*

*No. 256 Tour. Telegraphic: by wireless [F 3182/1/10]*

SHANGHAI, April 5, 1932

My telegram No. 253.<sup>1</sup>

Following is report of Conference proceedings of 11th meeting on April 4th.

2. I presented revised draft (draft C April 3rd) which now constitutes basis of discussions. Numbering of articles etc., is same as in the case of draft contained in my telegram No. 238<sup>2</sup> and I shall not telegraph details unless instructed.

3. Japanese raised question of definition of Chinese positions south of Suchow creek and on Pootung side i.e. (east of) Wangpu River see my telegrams No[s]. 252<sup>3</sup> and 254.<sup>4</sup> Chinese refused to discuss this maintaining it was new and outside scope of agreed agenda and argued that negotiations only concerned areas and military units involved in recent hostilities and that it raised fun[d]amental principle of Chinese sovereign right to station troops where she wished in Chinese territory without being called in question by a foreign government. Japanese were equally insistent that Chinese must define positions in question especially on Pootung side otherwise flank and rear of Japanese forces would be threatened. Complete deadlock ensued except for an indication that Japanese might be satisfied if Chinese delegates would confirm statement made by Chinese representative in sub-committee that no Chinese troops were in fact stationed on Pootung side. I suggested

<sup>1</sup> No. 168.

<sup>2</sup> i.e. draft B in No. 151. For the adoption of amendments to draft B which converted it to draft C (which also had a few minor drafting changes) see as follows: for article 1, No. 153; article 2, No. 160; articles 3, 4, and 5, no change, see No. 152; annexes 1, 3, and 4, No. 168. Annex 2 in draft C (as attached to the detailed record of this meeting, see note 6 below) contained three paragraphs. The first read: 'The withdrawal of the Japanese troops to the localities indicated in Annex III will be commenced within one week of the coming into force of the Agreement and will be completed in four weeks from the commencement of the withdrawal.' The second paragraph was Sir M. Lampson's formula in telegram No. 241 Tour of March 30 (see No. 153, note 3). The third and final paragraph began: 'The Joint Commission to be established under Article IV' and continued as in the last three sentences in Annex 2 in draft B. A footnote to the Annex read: 'The second paragraph of this annex is not yet agreed to by either side.'

<sup>3</sup> No. 167.

<sup>4</sup> No. 169.

this informally to Kuo but he would not respond. It was clear that Chinese obstinacy on this point was due to their realization that Japanese are deliberately working for demilitarization of Shanghai area. In attempt to find solution I drew attention of Japanese to second sentence of Article 1 'the forces of the two sides will so far as lies in their control cease all and every form of hostile acts [act]' and suggested this had possibly been overlooked in discussion with special reference to Japanese argument concerning exposure of their flank and rear. French representative suggested addition after word 'cease' of words 'around Shanghai'. Japanese undertook to consider this but feared it would not meet their point.<sup>5</sup>

4. We spent the rest of meeting discussing annex two and question of time limit. Japanese presented draft declaration to take the place of my proposed new second paragraph to annex 2 (see paragraph 4 of my telegram No. 253) as follows: 'Japanese Government take this opportunity to declare that, as soon as local conditions in and around Shanghai so improve as to afford a sense of security to their nationals as regards protection of their communications<sup>6</sup> property and lawful pursuits the Japanese troops will be further withdrawn to the international Settlement and extra Settlement roads in Hongkew district as before the incident of January 28th 1932'.

5. Upshot of a lengthy discussion was that Chinese agreed to consider this provided following or similar sentence were added 'they expect to be able to complete this final withdrawal within blank months'.<sup>7</sup> Both sides agreed to refer above to their respective governments; and to give time for these replies to be received, conference adjourned until April 7th; all this after considerable fencing both sides insisting that their instructions were categorical and that they did not expect favourable replies.

6. At conclusion of meeting I pointed out with some insistence that we had now had eleven sittings and spent 34 hours discussing comparatively simple issues involved, that the public were impatiently awaiting the outcome, that we all of us had other business to attend to and that it was high time conference produced some result. My United States colleague supported this appeal to both sides to expedite settlement.

<sup>5</sup> In his further detailed report of these negotiations (Shanghai despatch No. 94 T.S. of April 15, see No. 137, note 11) Sir M. Lampson here added: 'My own position in this matter was somewhat delicate, seeing that I felt that it was in fact desirable that the Chinese should refrain from stationing troops in the vicinity of the Settlement on the South and East as well as on the North and West. But it was only too evident that they were not to be dragooned into committing themselves on the agreement to the demilitarisation in any shape or form of the whole Shanghai area; and, especially in view of the fact that the original Japanese demands of February 18th [see Volume IX, No. 536] specifically excluded the country South of the Soochow creek, it seemed impossible to join the Japanese delegates now in arguing that it should be included in the Agreement.'

<sup>6</sup> In the detailed record of this meeting received by bag on May 5, under formal Shanghai covering despatch No. 74 T.S. of April 4, this word read 'lives'.

<sup>7</sup> The detailed record contained the following passage: 'Sir M. Lampson, supported by his Colleagues, suggested privately to Mr. Kuo that he might offer to trade in a voluntary statement regarding the absence of Chinese troops on the Pootung side of the river, in return for some indication of a time-limit of six months.'

7. I have been scrupulously careful throughout these tedious and long-drawn out negotiations to hold the balance evenly between the two sides but I cannot help feeling that Chinese have on the whole been conciliatory and reasonable and that delays have largely been due to the raising of new points and obstruction on Japanese side. Apart from new point re Chinese positions now brought up by Japanese, it is only question of time limit for final withdrawal which stands in the way of an agreement being reached. If the Japanese are sincere in wishing to liquidate this Shanghai affair they could, I believe, reach immediate settlement on the above lines. I was frankly surprised that the Chinese were willing even to consider the apparently inadequate formula put up by Japanese. My formula for such a declaration which I have [*sic*] prepared some days ago and which I today showed privately to Kuo (who seemed to like it) and to Japanese Minister (who would not commit himself even to considering it, but took the copy) was as follows: 'Japanese authorities declare their keen desire to contribute towards general amelioration in the situation on Shanghai area,<sup>8</sup> and to withdraw Japanese troops with the least possible delay: and they propose, subject to situation permitting of such reductions in numbers of said troops as will enable them to be accommodated in areas occupied before January 28th 1932, to complete the withdrawal to the said areas within blank months'. Period I have in mind is six months having had private indications from Matsuoko [Matsuoka] on April 4th that Japanese Government might agree to some qualified commitment to such a time limit.

Repeated to Peking, Mission and Tokyo.

<sup>8</sup> In the record received by bag this passage read: 'towards the general amelioration of the situation in the Shanghai area'.

## No. 175

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 5, 1.30 p.m.)*

*No. 257 Tour. Telegraphic: by wireless [F 3129/1/10]*

SHANGHAI, April 5, 1932

My telegram No. 256.<sup>1</sup>

As I plainly indicated at to-day's<sup>2</sup> conference meeting it is high time that we wound up our proceedings and the only thing which now prevents this is the question of a named time limit for Japanese withdrawal inside settlement and Hongkew salient area. In wishing for this I believe Chinese delegate is correct in stating that both his own and possibly even his Government's position is at stake. And under the circumstances seems<sup>3</sup> to me quite justifiable in the light of League resolutions of March 4th and March 11th.

<sup>1</sup> No. 174.

<sup>2</sup> This telegram was drafted on April 4.

<sup>3</sup> Another text of the telegram here read: 'is at stake and desire seems to me'.

Would it be possible to put in a bye<sup>4</sup> word with Japanese Ambassador in London and through him with Japanese Government? I feel sure it would greatly help. Matters here threaten to drag on indefinitely otherwise and conference risks becoming a farce or else breaking down.<sup>5</sup>

Repeated to Peking, Mission and Tokio.

<sup>4</sup> Another text here read 'an opportune word'.

<sup>5</sup> For a similar request of April 5 from Mr. Johnson to Mr. Stimson, see *F.R.U.S.* 1932, vol. iii, pp. 669-71.

### No. 176

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 5, 5.15 p.m.)*  
*No. 258 Tour. Telegraphic: by wireless [F 3168/1/10]*

SHANGHAI, April 5, 1932

Report of proceedings of military sub-committee of April 4th.

Colonel Badham-Thornhill appealed to both sides to refrain from introduction of irrelevant matters into the discussions.

2. Both sides were adamant over the Woosung area north of the Creek. No alternative areas or even a tentative offer, by a neutral representative, of Kiangwan village as alternative was acceptable to the Japanese. Eventually modified locality 2 miles square round Woosung was tentatively considered both sides agreeing that with minor modifications area as shown on map might suit. Chinese are pressing for exclusion of village and university in the area. There are possibilities that formula satisfactory to both sides may be found. Japanese have got all the foothold they require in the area but the Chinese delegate has yet to get the sanction of his Government.

3. Meeting adjourned till Wednesday.<sup>1</sup>

Repeated to Peking, Mission, Tokyo.

<sup>1</sup> April 6. Sir M. Lampson's telegram No. 262 Tour of April 7 (received 9.5 p.m. that day) reported that after a 'long and tedious argument' at this meeting a formula covering the area was found 'subject to exact delimitation on the ground'.

### No. 177

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 7, 9.30 a.m.)*  
*No. 261 Tour. Telegraphic: by wireless [F 3229/1/10]*

SHANGHAI, April 5, 1932<sup>1</sup>

In long and intimate conversation with T. V. Sung April 5th following points emanated.

2. Kuo could not possibly sign any agreement which did not include a time limit of some sort. If he resigned anyone else who did sign would

<sup>1</sup> Date of drafting: date of despatch is not recorded.

inevitably be branded as traitor. This point had been discussed with Kuo by Wang Ching Wei<sup>2</sup> during his recent visit to Shanghai, Sung also being present—and neither Sung nor Wang saw any way out. On my suggesting a six months maximum (what Matsuoko [Matsuoka] had suggested privately to me April 4th) Sung was receptive—and indeed I gathered even a longer period might be acceptable so long as it was fixed.

3. Sung spoke as though breakdown of Conference would not matter time being on side of China. I argued that in the interest of all including foreign nationals that would be most unfortunate and would leave feeling of indefinite suspense. This he was inclined to admit. I told him that I would deliberately work for maximum of six months: and that if it helped, China should throw in some form of statement of absence of troops from Pootung side.<sup>3</sup> He did not seem to reject this.

4. Regarding customs he told me all revenue is still being remitted from Manchuria, he did not quite understand why. He still hoped however that on general principle of disruption of China His Majesty's Government would be prepared to say something at Tokyo. I repeated all my old arguments even more forcibly and observed that I believed the matter was now under consideration of His Majesty's Government in consultation with America.

5. Regarding salt I told him frankly views I had expressed in reporting the matter home.<sup>4</sup> He admitted their force, but hoped that as a matter of principle we might be prepared to mention this also as another instance of disruption: just as postal service.<sup>5</sup> I was non-committal but not discouraging.

6. Regarding Manchuria he realises it will be a long drawn out affair. Asked my opinion I told him of view I had reported home after my first visit to Harbin in 1928 namely that time was on side of China if Chinese played their cards well and remained loyal to their motherland. But would they, provided they got good Government under new régime? He said that he thought so but one result of recent events was that Chinese were already emigrating back to China proper in consequence of recent developments. He feared Japanese might fill their places with Koreans.

7. Regarding Shanghai I reassured him, His Majesty's Government would certainly not seize this opportunity to coerce China into any local agreement. That was utterly repugnant to us. At the same time he as man of sense must realise the necessity in mutual interest of tidying up outstanding questions such as outside roads etc. As soon as new Municipal Council were established I wanted His Majesty's Consul-General to take these items up one by one

<sup>2</sup> President of the Executive Yuan.

<sup>3</sup> Cf. No. 174, note 7.

<sup>4</sup> See No. 166.

<sup>5</sup> According to Harbin telegram No. 45 of April 1 to Peking, repeated to the Foreign Office in Peking telegram No. 181 of April 4 (received 5.15 p.m. the same day), the Minister of Communications of the new Manchurian government had informed the Commissioner of the Post Office in Harbin that the new government would take over control of the postal administration from April 1. All deposits and receipts were to be paid into the national treasury of the new State. A similar report from Mukden was contained in Mukden telegram No. 26 of April 1 to Peking, repeated to the Foreign Office in Mr. Holman's telegram No. 182 of April 4, received 5 p.m. Cf. *F.R.U.S.* 1932, vol. iii, pp. 657-8.

and I looked for helpful spirit of accommodation from Chinese side. He agreed to this and thought it should be encouraged but spoke bitterly about men like H. Arnhold<sup>6</sup> who were trying to exploit Japanese domination to extort terms from Chinese. I begged him not to attach undue importance to this. I seemed to see signs of returning sanity and balance amongst British community now crisis was over: and after all it was up to local Chinese authorities to help us out over all these causes of local friction in the past.

8. Once more he pressed me regarding Boxer Indemnity<sup>7</sup> and I assured him that I had laid the matter fully before you (United States Minister continues to press me daily as to what our attitude is and to repeat that he is ready to go ahead as soon as we are).

Repeated to Peking and Mission.

<sup>6</sup> A British member of the Shanghai Municipal Council; cf. No. 134.    <sup>7</sup> See No. 36.

### No. 178

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received May 23)*

*No. 72 T.S. [F 4358/451/10]*

*Confidential*

SHANGHAI, April 5, 1932

Sir,

I have reported fully by telegram as they arose the recent events connected with the position of the Customs in Manchuria, and copies of the correspondence which I have had with the Inspector General of Customs and others on the subject have been sent home from time to time. It may be useful however to record the main facts briefly for convenience of future reference.

2. On February 21st Sir Frederick Maze called upon me to discuss the possibility of interference with the Customs administration in Manchuria by the new authorities set up under Japanese influence there.<sup>1</sup> As you are aware, the question of the control of the Customs by the Central Government is one which has arisen in the past in various other parts of China where seceding Regional Governments have coveted the Customs revenue. A raid upon the salt funds in Manchuria had already been carried out in October; and the danger of an attempt to take over the Customs was one which had been obvious ever since the Japanese had started to set up local 'self government organs' divorced from the control of the Nanking Government. When the intention was proclaimed in February of establishing an independent administration for the whole of Manchuria it became clear that the issue must sooner or later be faced seeing that the new authorities would naturally and inevitably challenge the right of the Chinese Government to collect Customs duties in their territory.

3. Sir Frederick Maze who had all along seen the danger, was anxious to meet it by some arrangement which would secure at least the administrative unity of the Customs and preserve the authority of the Inspectorate

<sup>1</sup> See No. 49.

General over the Manchurian Customs Houses. Such an arrangement he looked for in the light of the experience previously gained in other cases of local revolts against Nanking. There has been in fact a fairly close parallel so far between the development of the Customs crisis in Manchuria and the events which took place at Tientsin in the Summer of 1930,<sup>2</sup> when the Inspector General endeavoured to maintain control over the Tientsin Customs House by an arrangement for the retention of the surplus revenue by Marshal Yen Hsi-shan<sup>3</sup> after the proceeds of the five per cent duties had been remitted to Shanghai as a contribution to the foreign loan and Indemnity service. On that occasion the Minister of Finance by refusing to agree to the proposed compromise precipitated the seizure of the Tientsin Customs by Marshal Yen and the institution of an independent Customs administration under the late Mr. Lennox [Lenox] Simpson. Sir Frederick Maze feared that Dr. Soong's unyielding opposition to any compromise would have like disastrous results in the case of the Manchurian Customs, and it was partly for this reason that he sought authority from Dr. Soong to consult me.

4. I fully sympathised with Sir Frederick Maze's object, and after a full discussion of the problem I authorised him to quote my views to Dr. Soong, to the effect that the only sound and sensible solution of the Manchurian Customs question was to come to an arrangement such as that which had been proposed by the Inspector General for Tientsin in 1930 and had been actually concluded for Canton last year<sup>4</sup> and which provided for the continued control of the Customs machinery by the Inspectorate General in consideration for the retention by the local authorities of the surplus revenue.<sup>5</sup> This would provide for what were from my point of view the two primary considerations, namely, the maintenance of the integrity of the Customs administration and the security of the foreign loans and Indemnity.

<sup>2</sup> See Volume VIII, Nos. 281 and 295.

<sup>3</sup> Tuchun of Shansi.

<sup>4</sup> See Volume IX, No. 1.

<sup>5</sup> In a memorandum of March 30, 1932, Sir J. Pratt wrote: 'During the time that the Chinese Customs tariff was restricted by treaty to 5%, the whole Customs revenue was pledged for certain foreign obligations (loans, Boxer Indemnity, etc.). A number of domestic loans were also secured (a) on the surplus revenue remaining over after the foreign obligations had been satisfied, and (b) on the returned Boxer Indemnities. A system had been elaborated under which the whole revenue was remitted to foreign banks in Shanghai in the name of the Inspector-General (a British subject) who distributed it among the different banks charged with the service of the various obligations. Since the beginning of 1929, the tariff has no longer been restricted to 5%. [Cf. Volume VIII, Introduction pp. 11-12.] The Chinese Government maintain that it is only the proceeds of a 5% tariff that are pledged for foreign obligations, and in view of the fact that these foreign obligations have been punctually met, this position has not been challenged. When Canton declared its independence last year, and asserted its right to the Customs revenues collected within its borders, the proprieties were deemed to have been duly met by an arrangement under which the proceeds of a 5% tariff were remitted to Shanghai for the service of the foreign obligations, and the rest of the revenue was retained by Canton. The fact that the domestic loans floated by the central Government were thereby prejudiced was not a matter in which foreigners were in any way concerned.'

5. Sir Frederick Maze was anxious to know whether I and my United States Colleague would not be willing, on the other side, to speak a word of warning in advance to the Japanese Minister, as to the inadvisability of interference with the Customs but I told him that I was opposed to that on the ground that it was always sounder not to anticipate events, and that representations of the kind might only put ideas into the heads of the Japanese.

6. Since then, as has been apparent from the copies of correspondence with which the Inspector General has kept me supplied and of which copies have in turn been transmitted home, Sir Frederick Maze has been working towards the conclusion of some arrangement with the new Manchurian Government on the Canton precedent. He has however been unable to obtain the consent of the Minister of Finance to the principle involved.

7. On March 9th, as reported in my telegram No. 167 Tour Series<sup>6</sup> of March 10th, Sir Frederick Maze communicated to me copies of telegrams from the Commissioner of Customs at Antung which indicated an intention on the part of the new Government to take over the Customs. According to these telegrams the Superintendent of Customs had received instructions from the North Eastern Administrative Committee that the Customs were to be under its control, and that the Superintendent was to carry on with the assistance of a Japanese adviser. The Japanese Consul privately informed the Commissioner that he must be prepared for a request from the Superintendent to hand over; he also stated that the present employees of the Customs would have the option of joining the new administration, but that the old salaries and conditions would not continue. Japanese advisers were subsequently attached to the Superintendents of Customs at Antung, Newchwang, Mukden, Harbin and Shanhaikuan, but for a time no further action was taken. Possibly the fear of diplomatic complications or of administrative difficulties deterred the Manchurian authorities from acting too hurriedly.

8. These developments, which indicated a threat on the part of the Manchurian Government to remove the Manchurian Customs Houses from the control of the Inspectorate, and thus break up the Administrative unity of the Chinese Maritime Customs and lop off a portion of the revenue on which China's principal foreign obligations are secured by treaty, were such as it was impossible to disregard. The question however of what could be done to stave off such misfortunes raised delicate problems with regard [?]to both the grounds and channels of possible intervention.

9. The direct British interest in the Customs is confined to the foreign loans and Indemnities which are a charge on the Customs revenue. The interests involved could presumably be satisfied by a suitable arrangement for the transference to the new Government of a fair proportion of China's foreign obligations on the precedent of those adopted in the case of other seceding provinces and the new Manchurian authorities had already indicated on several occasions—and particularly in the declaration by which

<sup>6</sup> No. 49.



the independent state of Manchoukuo was proclaimed on March 1st<sup>7</sup>—their readiness to recognise foreign rights, and assume responsibility for their share of foreign obligations. On the other hand the integrity of the Customs administration has since its inauguration been a cardinal point of British policy in China and His Majesty's Government have in the past looked with alarm and disapproval on any precedents which might weaken the authority of the Inspectorate, knowing the ease with which in China any form of Central financial control may crumble at the slightest blow to the prestige of the authority which enforces it. Apart from providing the security for the foreign loans, the Customs organisation is the economic backbone of China, and a uniform Customs procedure and tariff is one of the most important foundations of foreign trade, while the Customs service also performs many other important functions in the care of the lighting, conservancy and administration of harbours and water-ways. These considerations are perhaps not such as would entitle us to go very far in protesting against the taking over of the Customs administration in any part of China by a seceding Government, but they seemed sufficient to make it desirable that we should not tacitly abandon our traditional policy, but make such effort as we could to save the integrity of the Customs. As it appeared out of the question and would in any case have been useless to make representations to the new Manchurian Government, which His Majesty's Government have not recognised, and as the recent declarations which have emanated from the American State Department (notably in Colonel Stimson's letter to Senator Borah)<sup>8</sup> to the effect that the United States would refuse to recognise new arrangements resulting from the actions of the Japanese in Manchuria which prejudice American interests suggested a line on which we might reasonably intervene with the Japanese Government in favour of the Customs, I ventured the proposal in my telegram No. 167 of March 10th referred to above that representations in the matter might be made at Tokyo in concert with the United States Government. His Majesty's Ambassador, however, in his telegram No. 162<sup>9</sup> of March 11th maintained that Anglo-American representations were likely to arouse ill-feeling in Japan and he subsequently recommended that no official action should be taken,<sup>10</sup> though I understand that he took up the matter privately with the Minister for Foreign Affairs<sup>11</sup> (see Tokyo telegrams Nos. 77 and 82 of March 14th and March 17th respectively).<sup>12</sup>

<sup>7</sup> See Volume IX, No. 666, and No. 66, note 3, in this Volume.

<sup>8</sup> The reference is to the Secretary of State's letter of February 23 to Senator Borah; cf. No. 9, note 11. <sup>9</sup> No. 60.

<sup>10</sup> This recommendation was made in Tokyo telegram No. 172 of March 17 to the Foreign Office (F 2601/451/10), sent after receipt of Dairen telegram No. 7 to Tokyo (repeated to the Foreign Office in Tokyo telegram No. 171 (F 2600/451/10) which summarized the results of Mr. Fukumoto's visit to Mukden (see paragraph 10 below).

<sup>11</sup> In Tokyo telegram No. 166 of March 14 to the Foreign Office (F 2474/451/10) Sir F. Lindley reported that he 'was going into this question with the Minister for Foreign Affairs'.

<sup>12</sup> A pencilled note on the filed copy here reads: 'See F 2474, F 2600 and F 2601', i.e. the telegrams mentioned in notes 10 and 11 above.

10. In the meantime Sir Frederick Maze was taking steps, through informal emissaries in Manchuria, to ascertain the possibilities of arriving at a *modus vivendi*. On March 12th the Japanese Commissioner of Customs at Dairen (Mr. Fukumoto) visited Mukden to sound the intentions of the authorities there and to influence them if possible in favour of a compromise. A full account of Mr. Fukumoto's visit is contained in a despatch from the Acting British Consul at Dairen to His Majesty's Ambassador at Tokyo (Dairen despatch No. 34 of March 16th)<sup>13</sup> and also in the document enclosed in Sir Frederick Maze's letter to me of March 24th<sup>14</sup> (a copy of which was transmitted in my despatch No. 55 Tour Series of March 26th).<sup>14</sup> An interesting feature of both these reports is the light they throw on the administrative machinery of the new State; it is clear that the policy to be adopted towards the Customs was actually decided by the Conference of Japanese 'Consuls and Advisers'<sup>15</sup> referred to in the latter document. (This document, though it is not so marked in Sir Frederick Maze's letter, is in fact a confidential report by Mr. Fukumoto himself to the Inspector General. I trust therefore that its contents will be treated as confidential, since Sir Frederick Maze has requested me particularly to avoid any disclosures which might compromise Mr. Fukumoto). According to his own account, Mr. Fukumoto argued strongly with the 'friends' whom he met in Mukden the disastrous consequences both for Manchuria and Japan of any attempt to introduce Customs autonomy for the new state and pointed out the complications, economic as well as political, which were likely to ensue. His views were sponsored by his friends at the Conference and, he was given to understand, to a large extent adopted.

11. Mr. Fukumoto's arguments in favour of a compromise appear in fact to have borne fruit. By March 19th the Inspector General was in receipt of a telegram from him<sup>16</sup> in which he stated that the policy proposed for the Manchurian Government, while insisting in principle on the independence of the Manchurian Custom Houses, envisaged their provisional continuance under the direction of the Inspector General on condition that important staff changes, tariff changes and alterations in the Customs regulations should be subject to the approval of the Manchurian Government; funds would be allowed to be remitted from the Customs Revenue to cover a share of the foreign loan and Indemnity payments, the balance being retained for the Manchurian Government; if, however, these conditions were not agreed to the Manchurian Government would take over the Custom Houses and retain the revenue by force, if necessary, pending a solution; in this case the Dairen Customs would not be interfered with but the Dairen duty collections would be regarded as the Manchurian Government's contribution towards the service of the foreign loans and Indemnities. (The special and peculiar position of Dairen is of course an important factor in the Customs question

<sup>13</sup> Not printed; see No. 164, note 2.

<sup>14</sup> Not printed.

<sup>15</sup> This conference was held at Mukden on March 12-14.

<sup>16</sup> Sir F. Maze's summary of this telegram was transmitted to the Foreign Office in Sir M. Lampson's telegram No. 213 Tour of March 21, not printed.

in Manchuria. Duty on that large part of Manchuria's trade, which passes through the Leased Territory is collected under the Sino-Japanese Agreement of 1907<sup>17</sup> by the Customs at Dairen and amounts to nearly a half of the whole revenue for Manchuria, (in 1931 approximately 12 million taels out of a total of 26 million). The Manchurian Government as such are, of course, unable to interfere with the Custom House at Dairen, in Japanese administered territory, and they would presumably be unwilling to take such a drastic step as to set up a tariff between Manchuria and the Leased Territory. The proposal that the Dairen revenue should continue to be remitted to the Chinese Government as a contribution to the foreign loan service if the other Manchurian Custom Houses were seized, was therefore one imposed more or less by the necessities of the situation but such an arrangement would be none the less not unfavourable to China, taking all the circumstances into account, provided that is, that the volume of duty collections at Dairen were maintained and trade were not deliberately diverted to other ports.) In transmitting this information as to the attitude which the Manchurian Government were likely to adopt Mr. Fukumoto recommended strongly that he and Mr. K. T. Ting, one of the Chinese Secretaries of the Customs who had been sent up to Manchuria by the Inspector General, should be authorised to enter into private negotiations with the Manchurian authorities for a compromise.

12. Sir Frederick Maze communicated the above telegram to the Minister of Finance in a letter,<sup>18</sup> in which he urged the desirability of entering into negotiations, pointing out that it was in the interests of China's credit to compromise and accept an understanding whereby the Manchurian Government would pay their share of the indemnities and the foreign loans more or less in conformity with the arrangement concluded at Canton in 1931 rather than risk the danger that the Manchurian Custom houses would be seized and the Customs service disrupted. He suggested that in the first instance an attempt should be made to induce the Manchurian authorities to undertake a *pro rata* share of all the loans and indemnities secured on the Customs, but that if they refused to agree to accept any responsibility for the domestic loans a contribution towards the foreign loans and indemnities should be accepted (even this it should be noted would involve a contribution by Manchuria to China's internal debt since the German, Austrian and Russian shares of the Boxer Indemnity having now reverted to China, form the security for certain domestic issues. I understand privately from Sir Frederick Maze that he considers the Manchurian authorities might reasonably object to contributing towards these portions of the indemnity, and that it would be reasonable for the Chinese Government in the last resort to yield to such an objection—please see in this connection the memorandum enclosed in Sir Frederick Maze's letter to me of March 22nd<sup>19</sup> referred to in

<sup>17</sup> This Agreement is printed in MacMurray, vol. i, pp. 634 ff.

<sup>18</sup> Of March 19, not printed. A copy was received in the Foreign Office on May 10 as enclosure in Sir M. Lampson's despatch No. 42 T.S. of March 22.

<sup>19</sup> Not printed.

paragraph 19 below.) Sir Frederick Maze also proposed that the Customs should agree to notify the Manchurian authorities of any alterations in the tariffs and regulations introduced and any changes of personnel at the Manchurian ports other than Dairen. He pointed out that his proposals would provide a *modus vivendi* which would to a large extent preserve for the time being the position of the Customs in Manchuria pending a definite settlement of the larger political issues involved (please see his letter to me of March 19th,<sup>19</sup> a copy of which was enclosed in my despatch No. 42 Tour Series of March 22nd.)<sup>19</sup>

13. Sir Frederick Maze was however doubtful of the chances of obtaining Dr. Soong's concurrence in his proposals and indicated to me privately that he would welcome any support which I could give him. He was, however, anxious that I should not disclose the fact that he had approached me in the matter. Being fully engaged at the time with the Sino-Japanese Conference and finding no suitable opportunity for raising the matter informally with the Minister of Finance I accordingly had a letter prepared to Dr. Soong calling his attention to the interest which His Majesty's Government had always had in the Chinese Maritime Customs and urging on general grounds the desirability of a compromise. This letter (a copy of which I have the honour to enclose herein)<sup>19</sup> had not been transmitted to its destination, when, on the morning of March 25th, Dr. Soong rang up urgently to ask for an interview, with the object, it transpired, of approaching me on this very question. At the interview (which was reported in my telegram No. 224 of March 25th)<sup>19</sup> I took the opportunity of inculcating with all the emphasis at my command the view which I had previously expressed through the Inspector General and urged that, however galling it might be to acquiesce in the interference of the new *Régime* in Manchuria with the organisation of the Customs, wisdom clearly dictated that the Chinese Government should turn a blind eye and allow the Inspector General to fix up a working arrangement which would secure the integrity of the Customs. Dr. Soong listened patiently to what I had to say but made it clear that his Government had decided that any interference with the Customs could not be overlooked. He begged me to represent the position to you and ask whether pressure could not be exerted at Tokyo so that the Manchurian authorities might be restrained from taking action. This I undertook to do, although I made it clear, that I was doubtful whether His Majesty's Government would see fit to take action, which I knew they had hesitated to do when I had previously referred the question to them. Dr. Soong informed me that he had also taken up the matter with my United States Colleague who had already telegraphed to his Government urging that representations be made.<sup>20</sup> This, as a matter of fact, I had already learned from Mr. Johnson but I am unaware what results, if any, his telegram may have produced at Washington.<sup>21</sup> I repeated my arguments in favour of a compromise several times to Dr. Soong and

<sup>20</sup> See *F.R.U.S.* 1932, vol. iii, pp. 616-17 for Mr. Johnson's telegram of March 22 to the Secretary of State.

<sup>21</sup> For U.S. Government's reply of March 23 see *ibid.*, pp. 621-2.

handed to him the letter which I had already prepared. He left me, however, apparently unconvinced, and I received from him later in the day an acknowledgement of my letter in which he stated that he 'must frankly say' that he had no hope that the Chinese Government would see any good in 'maintaining the farce of Customs integrity when both the spirit and substance thereof are destroyed' (a copy of this letter is also enclosed herein).<sup>22</sup>

14. I had in the meantime received from the Inspector General just before my interview with the Minister of Finance, a copy of a letter in which he communicated to Dr. Soong the contents of further telegrams received from his local representatives in Manchuria. Briefly, these telegrams reported the receipt of an unsigned memorandum addressed to the Inspector General and communicated informally by the Minister for Foreign Affairs and the Vice-Minister of Finance of the Changchun Government setting out proposals for the maintenance of the existing system of Customs administration on certain conditions which conformed more or less to those forecast by Mr. Fukumoto, as outlined in paragraph 11 above. Mr. Fukumoto and Mr. Ting once more requested authority to undertake negotiations with the Manchurian Government. It was indicated that the latter were impatient for a settlement; that the memorandum had been elicited from them as a result of private persuasion; and that any undue delay would precipitate a crisis.<sup>23</sup>

15. As I was engaged all day at the Conference, I instructed Mr. Stirling<sup>24</sup> to call on the Inspector General and inform him on my behalf of my interview with the Minister of Finance and of the action I had taken. Sir Frederick Maze then disclosed that he had already received on the previous day categorical instructions from the Chinese Government through the Minister of Finance forbidding him to enter into any arrangement or to come to any understanding with the Manchurian authorities. Sir Frederick Maze stated that as a servant of the Chinese Government he felt that he could not challenge their decision however unwise it might appear to him to be. He had done his best while the matter was still under consideration to urge them to wiser courses, but he had now no alternative but to carry out his instructions. He suggested, however, that I might cause further representations to be made at Nanking through Mr. Ingram, with a view if possible to persuading the Government to reconsider their decision, though he was not particularly sanguine of their being induced to do so. Mr. Stirling enquired whether there was any possibility that, without any formal agreement or understanding, matters might be so arranged that the Customs administration should continue to function in Manchuria, the surplus revenue being retained by an act of force on the part of the Manchurian authorities. Sir Frederick Maze appeared to think that such a state of things was conceivable. He could not say definitely what would be the attitude of

<sup>22</sup> Not printed. A summary was transmitted to the Foreign Office in Sir M. Lampson's telegram No. 228 Tour of March 25, received 9.30 a.m. on March 26.

<sup>23</sup> Sir M. Lampson's telegram No. 225 Tour of March 26 (received 9 a.m. the same day) had reported as in this paragraph.

<sup>24</sup> Second Secretary in H.M. Legation at Peking.

the Chinese Government but he had at any rate so far received no instructions regarding the withdrawal of the Customs staff. He asked whether representations could be made in Tokyo with a view to securing that the Manchurian authorities on their side should not take any drastic action. (A record of the above conversation is enclosed herein).<sup>25</sup>

16. The results of the representation made on my instructions by Mr. Ingram were reported in my telegram No. 243 Tour Series <sup>26</sup> of March 30th. They were not particularly encouraging. Those members of the Government at Nanking, who appeared to have any acquaintance with the issues involved, apart from contending that any understanding with the Manchurian authorities would compromise their position by implying recognition of the new state, showed themselves inclined to adopt a chauvinistic *non possumus* attitude towards the whole question and appeared to be quite prepared to cut off China's nose by breaking up the Customs administration in Manchuria in the hope of doing spite to her face. I suspect that in this they may to some extent be playing a rôle and hope that by the threat of a complete subversion of the Customs administration in Manchuria they may constrain the Foreign Powers to take up the cudgels for them in Tokyo. This view is shared, I know, by the Inspector General to whom I suggested it.

17. On or about March 26th the Japanese advisers, who had been appointed to assist the Superintendents of Customs at Antung, Newchwang, and Harbin, presented to the local branches of the Bank of China, with whom the Customs revenue is banked, instructions to hand over immediately all revenue held by them as on that date and all future collections to banks designated by the Manchurian authorities. The Banks demurred, and stated that they must refer for instructions to the Customs.

18. In the meantime His Majesty's Ambassador at Tokyo had impressed upon the Minister for Foreign Affairs the importance, in the common interest, of maintaining the integrity of the Customs and urged him to use his influence with the Manchurian Government to come to some arrangement with the Inspector General which the Chinese Government could accept.<sup>27</sup>

19. Further influences in favour of moderation were at the same time being brought to bear on the Chinese Government. I learn very confidentially through the Inspector General that he has been in private consultation with the Chinese bankers and that they fully share his views with regard to the folly of Dr. Soong's policy of courting a collision. At the request of certain of them Sir Frederick Maze drew up a short memorandum<sup>28</sup> setting out the arguments in favour of a compromise and the lines on which it should be sought (please see his letter of March 22nd a copy of which is transmitted

<sup>25</sup> Not printed. A telegraphic account had been transmitted to the Foreign Office in Sir M. Lampson's telegram No. 229 Tour of March 25, received at 9.30 a.m. on March 26.

<sup>26</sup> Not printed.

<sup>27</sup> This interview with Mr. Yoshizawa was reported in Sir F. Lindley's telegram No. 184 of March 28, not printed; cf. No. 164, paragraphs 1 and 2.

<sup>28</sup> Printed as enclosure below.

herewith);<sup>29</sup> a paraphrase of this memorandum was, I understand, communicated to Dr. Soong by the bankers concerned as representing their own views. Sir Frederick Maze is not aware of the details of what may have passed between them and Dr. Soong, and is anxious for obvious reasons not to be too closely associated with any action they may take. He informs me however that the Minister, who has just returned from Nanking, has so far shown a less truculent spirit and has even gone so far in a particular instance (which concerns an increase in the duty on sugar, to the collection of which the Manchurian authorities have objected) as to instruct him after some demur 'not to force an issue'.

20. On the other hand Sir Frederick Maze informs me that the question of the banking of the revenue is still unsettled but that the Manchurian authorities have made no attempt so far to interfere with the Customs or to prevent remittances. It seems possible therefore, that the moderating counsels exerted in various quarters may be bearing fruit, and that, even if no formal arrangement is arrived at, the parties may at least tacitly agree to refrain from breaking up the Customs machinery, in which the interests of both of them as well as those of the foreign Powers are bound up, and the matter in fact be solved in practice for the time being very much on the lines originally proposed by the Inspector General through the retention by *force majeure* of the surplus revenue by the Manchurian authorities.

I have, &c.,

MILES W. LAMPSON

ENCLOSURE IN No. 178

*Memorandum by Sir F. Maze*

*March 22, 1932*

*Manchurian Customs Question*

Certain facts arise in connection with the Manchurian Customs question which must be clearly recognized and understood if we are to arrive at a clear understanding of the issue, and preserve the integrity of the Customs.

It is evident that the Customs in Manchuria cannot function independently of the new Manchurian Government; that if Customs officers are appointed and new tariffs are introduced the confirmation of the Manchurian Government would be necessary; that it is unlikely that the Manchurian Government would agree to more favourable terms with China than to undertake to liquidate the Indemnities and *foreign* Loans secured on the Chinese Customs; that if the above facts are clearly recognised it is possible that negotiations might proceed successfully, but, of course, no harm would be done if the Inspector General of Customs is authorised to claim, in addition, the *pro rata* remittance of the *domestic* Loans; that it be understood that the Chinese Government would only permit the Inspector General to take such local action as a result of *force majeure* and without prejudice to the ultimate

<sup>29</sup> Not printed.

settlement of the larger question of the occupation of Manchuria; that it might be useful for Shanghai commercial bodies and the Bondholders' Association to protest to Geneva and to the Lytton Commission against local interference with the Manchurian Customs; that it should be remembered that at the present moment in Manchuria there are hundreds of office-seekers desirous of obtaining posts in the Customs, either as Customs officers or as advisers, and that there is every inducement, therefore, for the new Government to assume direct control of all the Custom Houses in Manchuria; and, finally, it should also be remembered that the *Russian, German and Austrian* Indemnities are now absorbed by China for the service of certain domestic loans, etc., and that if the Manchurian Government will agree to liquidate their *pro rata* share of *all* the Indemnities and *foreign* Loans secured on the Customs they would, in effect, be contributing towards the service of certain *domestic* Loans, and, this being so, they are not likely to liquidate any portion of the Indemnity funds which does not directly affect *foreign* interests. A settlement on any lines, therefore, which would preserve the integrity of the Maritime Customs and at the same time assist China's credit, would be highly favourable to China, if it can be secured. It ought to be fully realised that if the integrity of the Customs suffers in Manchuria, a very dangerous precedent will be established.

#### No. 179

*Sir R. Lindsay (Washington) to Sir J. Simon (Received April 19)*

*No. 581 [A 2355/312/45]*

WASHINGTON, April 6, 1932

Sir,

With reference to paragraph 6 of my despatch No. 510<sup>1</sup> of March 24th on the subject of the Hare Bill, I have the honour to report that the House of Representatives, after only forty minutes of impassioned oratory, voted to grant complete independence to the Philippines at the end of eight years by an overwhelming majority of 306 to 47. This further exhibition of fevered legislation by emotion rather than by deliberation was, as in the case of the Tax Bill, sponsored by Speaker Garner. It would seem that the House, in an endeavour to regain the prestige sacrificed in the revolt against the Sales Tax, is endeavouring to establish a reputation for expeditious disposal of business. And Speaker Garner is probably equally anxious to rehabilitate himself by a timely display of leadership and control. But the result does little credit either to the House or its leader, since the effect achieved is one

<sup>1</sup> This despatch, not printed, forwarded a copy of the Report of the Committee on Insular Affairs of the U.S. House of Representatives (*Report No. 806*) on the bill introduced by Congressman Hare to grant independence to the Philippine Islands after eight years (cf. Volume IX, No. 499, paragraph 5). Paragraph 6 of Sir R. Lindsay's despatch reported the Speaker of the House as saying that the bill would be brought up for a vote but not until the House had disposed of the Tax Bill.



of impetuous irresponsibility and of thoughtless indifference to the importance of the issues at stake. The 'New York Tribune' states in an editorial that the votes 'in favour of sentencing the Islands to eight years of political turmoil and then to economic ruin, if not extinction' were cast in open defiance of public opinion as expressed through the press, in contempt of the sanest and most conscientious Filipino opinion and in utter disregard of the testimony of the most competent and experienced government servants whom the nation has employed to study the Philippine problem.

2. There is perhaps some exaggeration in this, at any rate as regards public opinion, but the view expressed by the Secretary of War to the effect that the Bill would bring 'economic chaos, social anarchy and political revolution' to the Islands (see my despatch No. 317<sup>2</sup> of February 18th) and the outspoken warning of the Secretary of State (copy enclosed),<sup>3</sup> fully establish the opposition of those members of the Administration best qualified to pronounce upon the issue. Mr. Stimson's letter, addressed to the chairman of the Senate Committee on Insular Affairs on February 15th, was communicated to the House by Representative Bacon, of New York, prior to the vote. I enclose copies of the debate,<sup>4</sup> which is of interest for the arguments and motives advanced for and against the principle of the Bill.

3. Representative Cross at the opening of his speech very frankly listed, in order of their appeal, the three main arguments in favour of the grant of independence, namely, the promotion of the interests of American agriculture, the salvation of the American Navy, and, lastly, the promises made to the Filipinos. To these he might have added the restriction of Filipino immigration. The first argument derives from the anxiety of American and Cuban sugar-growing interests to be relieved from competition with the Philippine product, the second from a quite widespread fear that retention of responsibility for the Islands must lead to a war with Japan in which the American Navy will be wiped out. Neither of these are very creditable motives. No doubt, too, many Representatives were consciously or unconsciously influenced by the ambition, which animates alike the Administration, the Congress and the nation, to shuffle off all foreign responsibilities and obligations in the mistaken hope that a position of political and economic isolation will promote recovery from the depression. This illusion is symptomatic of the lowered morale of the country.

4. It seems unlikely that the Senate will pass the Bill in its present form, though they may do little more than increase the length of the period of transition. It is even more uncertain whether the President will veto it in its present, or in an amended, form. In any case the almost indecent haste with which an overwhelming majority of the House voted to renounce

<sup>2</sup> Volume IX, No. 499.

<sup>3</sup> Not printed: the enclosure was a copy of Mr. Stimson's letter relating to Philippine independence, of February 15, 1932, to Senator Bingham of Connecticut; it was printed in the *New York Times* of April 5; cf. No. 246 below.

<sup>4</sup> For this debate on April 4, see *U.S. Congressional Record—House of Representatives*, 72nd. Congress, 1st Session, April 4, 1932, pp. 7622–32.

American responsibilities in the Western Pacific discredits both the ostensible idealism and the actual realism of the policy.

5. I am sending a copy of this despatch to the High Commissioner for the United Kingdom in Canada and a copy to the Prime Minister of Australia, c/o the Dominions Office.

I have, &c.,  
R. C. LINDSAY

**No. 180**

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 8, 9.30 p.m.)  
No. 265 Tour. Telegraphic: by wireless [F 3304/1/10]*

SHANGHAI, April 7, 1932

My telegram No. 264.<sup>1</sup>

Twelfth meeting of Conference morning April 7th.<sup>2</sup>

Entire meeting was taken up with discussion of question of definition of Chinese positions south of Suchow creek and on Pootung side of river. Japanese General had no objection of addition to Article 1 of the words 'around Shanghai'<sup>3</sup> but continued to insist that Chinese positions in the areas in question must be defined in some way or other. Chinese maintain refusal to do so on the grounds that the question involved China's Sovereign rights i.e. principle of freedom of movement of Chinese troops within Chinese territory in the areas not concerned in recent hostilities. They also argued that Japanese point regarding danger to their flank and rear was fully covered by wording of Article 1 a view which was supported by myself and my colleagues. We were also constrained to admit we had always understood definition of Chinese positions under Article 2 was confined to 20 kilometre zone (as laid down by Japanese demands of February 18th).

2. I eventually intervened and suggested: (a) that as regards country south of Suchow creek Japanese were protected by the Settlement and French Concession which would lie between them and any Chinese forces in that area and (b) that as regards the country on Pootung side of river solution might be found along some such line as a statement by Chinese delegate of which note would be taken, for (*sic*)<sup>4</sup> Chinese troops were in fact stationed there and that Chinese government had no intention of making fresh military dispositions in that neighbourhood.

3. Japanese General in explaining his attitude at first merely referred to gap between Southern end of Chinese line (as so far defined) on Suchow creek and Settlement boundary through which unless it was filled in Chinese

<sup>1</sup> Not printed: this telegram of April 7 (received by wireless at 6.50 p.m. on April 8) briefly reported on the meetings held on April 7, which had 'made very heavy weather'.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 673.

<sup>3</sup> See No. 174, paragraph 3.

<sup>4</sup> Thus in original. In Shanghai despatch No. 94 T.S. of April 15 (cf. No. 137, note 11), the corresponding text read: 'as a voluntary statement by the Chinese delegate that no troops were stationed there'.

troops would be free to advance. But when I suggested simple solution of continuing Chinese line along Suchow creek to Settlement, he referred to Japanese residents to south of the creek who require protection.

4. Eventually Kuo said he was agreeable to his military authorities seeking a formula which while not prejudicing question of principle would allay Japanese anxiety regarding their flank and rear. It was agreed to refer the matter back to sub committee to work out formula on that basis.

5. Afternoon proceedings are contained in my immediately following telegram.<sup>5</sup>

Repeated to Peking, Mission, Tokyo.

<sup>5</sup> No. 181.

### No. 181

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 8, 9.30 p.m.)*

*No. 266 Tour. Telegraphic: by wireless [F 3306/1/10]*

SHANGHAI, April 7, 1932

My immediately preceding telegram.<sup>1</sup>

13th meeting of Conference afternoon of April 7th.<sup>2</sup>

Entire meeting was taken up with discussion of question of time limit for complete Japanese withdrawal.

2. Kuo informed the meeting that [? of] reply received from Nanking Government in regard to proposed Japanese declaration, see paragraph 4 of my telegram No. 256.<sup>3</sup> Apart from fact that it was not incorporated in the agreement Chinese Government regarded time limit formula as inadequate; and they also objected to the introduction of what they regarded as a new principle in making withdrawal depend on 'local conditions' of securing a point<sup>4</sup> which had already been disposed of in agreed agenda by voluntary Chinese declaration regarding special constabulary.<sup>5</sup>

3. Japanese Minister stated his instructions were that Japanese Government were unable to fix time limit. In reply to direct enquiry from me he intimated that they had turned down proposed additional sentence to the Japanese declaration—see my telegram 256.

4. Deadlock having been reached I proposed insertion in Japanese declaration after the words 'lawful pursuits' of words 'and they hoped that conditions will have so improved within six months or sooner.' (I had discussed this—which had been suggested as an alternative by the United States Minister—privately with Japanese Minister before the meeting and

<sup>1</sup> No. 180.

<sup>2</sup> Cf. *F.R.U.S. 1932*, vol. iii, pp. 677–8.

<sup>3</sup> No. 174.

<sup>4</sup> The corresponding passage in Sir M. Lampson's detailed despatch No. 94 T.S. of April 15 (cf. No. 137, note 11) here read: 'in making the withdrawal dependent on local conditions of security, a point'.

<sup>5</sup> Cf. No. 123, paragraph 3.

while he would not commit himself I had gathered this amendment or something like it might be acceptable to the Japanese side).

5. Kuo said that he feared this amendment would not meet the standpoint of the Chinese Government who objected fundamentally to the principle of making withdrawal depend on local conditions. I suggested the Chinese side could make a counter declaration taking note of Japanese declaration and recording their understanding of<sup>6</sup> the League resolution and terms of agreement would not be [finally]<sup>7</sup> implemented until Japanese troops had been withdrawn to the areas specified in the first sentence of Article 3—see third paragraph of my telegram 252;<sup>8</sup> and I submitted draft of such a reservation.

6. Kuo argued that further objection to Japanese declaration was that it implied rights of a foreign power to occupy Chinese territory for protection of its nationals.

7. After further discussion leading nowhere I said there seemed to be three alternatives (1) China to accept Japanese declaration with insertion of additional words as above if Japan would agree to them, (2) China to take note of Japanese declaration and make a reservation in some such terms as those of my draft, (3) no agreement.

8. Kuo suggested that there might be a fourth alternative i.e. to report the deadlock to special committee of assembly at Geneva and leave it to them to find way out; Chinese Government could not conclude agreement without a time-table. I said my feeling was that in that case functions and usefulness of foreign representatives participating in the negotiations would come to an end, that [while]<sup>7</sup> I had no desire to force the issue, this seemed to amount in practice to the same thing as my alternative three and that in such circumstances there would seem to be no object in my remaining in Shanghai. My colleagues concurred. Japanese General said he did not think that it had come to this yet, that he did not believe reference to Geneva would help the matter and that in pursuance of his earnest desire to reach a settlement and of his appreciation of efforts of friendly Powers he was prepared to refer my alternatives 1 and 2 to Tokyo in spite of the fact that they conflicted with his instructions.

9. Kuo continued to maintain that it was useless to refer again to Nanking proposals which they had already rejected. After further discussion I suggested as yet another alternative (subsequently referred to as alternative 2a), that Chinese side might make a reservation in terms I had proposed but without reference to any Japanese declaration i.e. that there would be no Japanese declaration but that Chinese authorities in concluding agreement would record their understanding that spirit of resolution and terms of agreement would not be implemented until Japanese troops had been withdrawn to area specified in first sentence of Article 3.<sup>9</sup> I pointed out that this

<sup>6</sup> The corresponding word in Sir M. Lampson's despatch No. 94 T.S. read 'that'.

<sup>7</sup> This additional word was in Sir M. Lampson's despatch No. 94 T.S.

<sup>8</sup> No. 167.

<sup>9</sup> The text of this suggestion is printed in *F.R.U.S 1932, op. cit.*, p. 678. Cf. No. 167, paragraph 3.

was mere statement of fact, that the undertaking to withdraw in first sentence of Article 3 was categorical and that Japanese delegates had repeatedly stated Japanese troops would be withdrawn as soon as possible. If China signed agreement with such a reservation she could then wait and see what happened; while reservation would leave it open to her to raise the matter at any time should Japanese occupation of outside 'localities' appear to be unduly prolonged.

10. Eventually after more than three hours of tedious discussion both sides (Chinese very reluctantly) agreed to refer my alternatives 1, 2 and 2a to their respective governments. To allow time for replies to be received Conference adjourned until afternoon of April 9th.

11. I cannot pretend that the prospects of agreement are now hopeful.<sup>10</sup> Repeated to Peking, Mission and Tokyo.

<sup>10</sup> In the detailed report of this meeting (received in the Foreign Office on May 6 under Sir M. Lampson's despatch No. 79 T.S. of April 7) the last two paragraphs read: 'At the conclusion of the meeting, Sir M. Lampson, after referring to the prospects of the Conference, which seemed by no means bright, made an appeal to both sides to come to some agreement at the next meeting. It was most desirable in the interests of the people of Shanghai that this period of suspense should be put an end to as soon as possible. Mr. Johnson spoke in the same sense, and said that he felt most strongly that all concerned should make a determined effort to reach agreement at the next meeting.'

'M. Ciano and M. Lagarde associated themselves with what Sir M. Lampson and Mr. Johnson had said. Mr. Kuo and Mr. Shigemitsu endorsed the sentiments expressed by the foreign representatives in regard to the desirability of reaching an agreement and intimated that they would do their best.'

#### No. 182

*Sir J. Simon to Sir M. Lampson (Shanghai)*

*No. 56 Tour. Telegraphic [F 3086/552/10]*

FOREIGN OFFICE, April 8, 1932, 5.40 p.m.

Your telegram No. 251<sup>1</sup> (of April 1st: Salt administration in Manchuria). I agree. The difficulties of intervention as regards the Customs mentioned in my telegram No. 55<sup>2</sup> apply here also, and our interest in this case appears to be confined to the security for the loans, which has been made a direct responsibility of the Chinese Government.

<sup>1</sup> No. 166: that telegram had been despatched on April 2.

<sup>2</sup> No. 171.

#### No. 183

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 9, 9 p.m.)*

*No. 267 Tour. Telegraphic: by wireless [F 3307/1/10]*

SHANGHAI, April 8, 1932

Record of proceedings of military sub-committee covering period April 7th to April 8th.

Committee met April 7th and proceeded to Woosung area for the purpose of accurately defining the boundaries on the ground.<sup>1</sup> Agreement was arrived at and neutral representatives hope that last has been heard of the any but pleasant wranglings that have characterised determination of this locality.

2. At a morning session April 8th discussions were resumed regarding the remaining three localities on the same line as for Woosung area. One or two points remain to be cleared up on the ground in areas concerned otherwise satisfactory progress was registered.

3. Question of Chinese troops east of Wangpu area and south of Suchow Creek came up for preliminary discussion but meeting adjourned to April 9th 10 a.m. without doing more than deal with subjects in outline.

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> See No. 176, note 1.

#### No. 184

*Mr. Strang (Moscow) to Sir J. Simon (Received April 15)*

*No. 188 [F 3461/1/10]*

*Confidential*

MOSCOW, April 8, 1932

Sir,

I have the honour to report that Mr. Bloomfield, the last remaining representative of the Tetiuhe Mining Corporation, has now left the Far East and is at present in Moscow *en route* for home. He has spent the last few years in Vladivostok. He reports that Soviet military movements in the Vladivostok area have progressively increased since last October, and he estimates that there are at present about 100,000 troops there instead of the normal 20,000 or so. The fortified zone north of Vladivostok is apparently garrisoned, but the fortifications are not being strengthened. On the other hand, the fortifications on Russian Island are being strengthened with heavy artillery. In addition to reinforcements of regular troops, partisan bands are being organised, armed with machine guns, particularly in Northern Sakhalin.

2. The Counsellor of the Japanese Embassy<sup>1</sup> has given me the same figure of 100,000 as the strength of the Soviet troops in the Vladivostok area. He said further that an aeroplane base was being established at Posiet Bay, and that troops and artillery were being sent to North Sakhalin. This latter was contrary to the Portsmouth Treaty, but the Japanese Government did not propose to protest. He believed that the Soviet Government were buying munitions from Italy. The Soviet authorities were undoubtedly in a very nervous state as to Japanese intentions. The Japanese, however, could not

<sup>1</sup> Mr. Amau.

understand why it was that the Soviet Government were concentrating such large forces in the *cul-de-sac* at Vladivostok. It would be the easiest thing in the world for the Japanese to cut the railway communications of these forces north-westward from Manchuria in the direction of Irkutsk, and thus completely isolate them, so that it was a matter of indifference to the Japanese whether or not the Russians should choose to make large concentrations at Vladivostok.

3. Mr. Amau also told me that the various communiqués recently issued by the Soviet Government in regard to exchanges of communications between the Japanese Ambassador and M. Karakhan<sup>2</sup> were issued without consultation with the Japanese and gave a garbled account of what actually occurred.<sup>3</sup> In particular, Mr. Amau said that when M. Karakhan had enquired of the Japanese Ambassador for information as to the new Manchurian State, Mr. Hirota had replied that the Russians had agents in Manchuria and could quite well discover the situation for themselves, whereas in Outer Mongolia, where the Russians had taken control of the country, the Japanese had no agents. M. Karakhan was apparently taken [?] a]back by this reply, and omitted all reference to it in the communiqué reporting the interview. Mr. Amau also mentioned the case of a Japanese official who applied to the Mongolian representative in Moscow for permission to proceed home to Japan through Outer Mongolia, as a result of which the Soviet authorities refused permission for him to cross the Soviet frontier into Outer Mongolia.

4. Mr. Amau said that there had recently been a round-up in Sakhalin of Russian employees of the Japanese company operating the oil concession there and that, as a result, the operations of the company had been seriously hampered. The Japanese Government intended to make a strong protest to the Soviet Government on this subject. Mr. Bloomfield had heard even more sensational reports about the activities of the police at the present time. He said, with what approach to truth I am unable to judge, that it was estimated that, as a result of the prevailing war-fever, as many as 20,000 people in Vladivostok, out of a total population of 120,000 had been either imprisoned or exiled, these being either persons in sympathy with the old régime, or having had contact with foreigners, chiefly Japanese.

I have, &c.,

WILLIAM STRANG

<sup>2</sup> Soviet Vice-Commissar for Foreign Affairs in charge of Eastern and Far Eastern Affairs.

<sup>3</sup> Translations of Japanese communications of March 5 and 19 to the Soviet Commissariat for Foreign Affairs were forwarded to the Foreign Office in Mr. Strang's despatch No. 192 of April 8, received April 15. The Soviet statement of March 22 in reply is printed in Degras, vol. ii, pp. 527-9.

*Japanese Communiqué<sup>1</sup>*

[F 4011/451/10]

JAPANESE CONSULATE-GENERAL, SHANGHAI, *April 8, 1932*

The Japanese Legation today issued the following Communiqué:

Mr. Mamoru Shigemitsu, the Japanese Minister to China, under date of April 6, sent the following reply to Notes of protest by Dr. Lo Wen-kan, Chinese Minister for Foreign Affairs, dated March 31 and April 1, against the Manchurian independence movement, in particular the handling of Maritime Customs and the Salt Gabelle:

'I have the honour to acknowledge the receipt of your Notes of March 31st and also of April 1st relative to the independence movement of Manchukuo, particularly to the disposition of the Customs and the Salt Gabelle.

'As has already been stated in my communications of February 28th and March 11st [*sic*], the Japanese Government and authorities have no relations whatsoever with the organisation of the new political regime in Manchuria. Consequently it is a groundless conjecture to infer that the Japanese Government and authorities are controlling the organization of the new government or that they have instigated such an organization; and I find it difficult to understand that Your Excellency should criticize the Japanese Government and hold them responsible on the bases of such an assumption. I have no knowledge of the alleged notices issued to the Manager of the Bank of China by the Japanese advisors [*sic*] of the Manchukuo Government to the effect that the revenues of the Maritime Customs at Antung and Yinkuo should be transferred to the Kuanyinhao Bank and of the fact that the officials of the Manchukuo have announced that they would take over the business of the Yingkow office of the Salt Gabelle, ordering at the same time that the Salt Gabelle should hereafter be turned over to the North Eastern Bank. Even if such notices or orders had actually been issued they concern only Your Excellency's Government and the Manchukuo authorities, in which the Japanese Government have taken no part whatsoever and it is absolutely beyond my comprehension that you should interrogate the Japanese Government of their responsibility.<sup>2</sup>

I avail myself etc.'

<sup>1</sup> This communiqué was received in the Foreign Office on May 6 as enclosure in Sir M. Lampson's despatch No. 86 T.S. of April 11. A note on the filed copy reads: 'Communiqué in English is merely a rough translation of an original in Japanese.'

<sup>2</sup> For a similar communication of April 2, 1932, from Mr. Sato to the Secretary-General of the League of Nations, see *L/N.O.J., S.S. No. 101*, p. 265.



No. 186

*Sir J. Simon to Sir M. Lampson (Shanghai)*  
*No. 57 Tour. Telegraphic [Confidential/Telegrams/53/243]*

FOREIGN OFFICE, April 9, 1932, 3.25 p.m.

Your telegram No. 244<sup>1</sup> of the 30th March: Boxer indemnity instalments.

You may agree to suggested postponement of this year's instalment on the same terms as your United States colleague, irrespective of the attitude of the Italian Government. You should, however, make it clear to the Chinese Government that your agreement is conditional upon the understanding that the postponement will be restricted to one year, since any further concessions of this character would be open to serious objection from the point of view of British industry.

<sup>1</sup> In this telegram Sir M. Lampson stated that the United States Minister had 'at last informed me that he is ready to go ahead and meet Chinese request on conditions that he has already explained to us provided we do the same'. See Nos. 36, and 177, last paragraph. The United States 'conditions' are shown in *F.R.U.S. 1932*, vol. iv, p. 613.

No. 187

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 9, 2.40 p.m.)*  
*No. 268 Tour. Telegraphic: by wireless [F 3308/1/10]*

*Immediate*

SHANGHAI, April 9, 1932

Japanese Minister on morning of April 9th informed me and United States Minister<sup>1</sup> that Japanese Government were prepared to accept alternative formula 1<sup>2</sup> but that was their absolutely last word. He suggested that I might be willing to see Kuo and tell him, if necessary to put off formal conference fixed for this evening so that Kuo would not be faced with possibility of having to turn down Japanese last word in the presence of numerous secretaries etc.

2. I said that I felt to postpone afternoon's Conference publicly announced for this afternoon would be grave mistake. Nor could I see any useful purpose in doing so. Either Kuo would accept formula 1 or reject it. If he did this privately to me nothing would be gained and Conference meeting would still have to be held for we would hardly let Conference vanish without some sort of final meeting to wind up.

3. United States Minister agreed, but as no harm will be done by letting Kuo know Japanese position in advance he and I were to see Kuo this afternoon before Conference session and see whether he may not be able to accept alternative formula 1.<sup>3</sup>

<sup>1</sup> Cf. *F.R.U.S. 1932*, vol. iii, pp. 681-2.

<sup>2</sup> See No. 181, paragraph 7.

<sup>3</sup> In his later despatch No. 94 T.S. of April 15 (see No. 137, note 11) Sir M. Lampson gave the following report of that meeting: 'In the course of a full and frank discussion we

4. Both I and United States Minister intimated to Japanese Minister that if Conference breaks down this afternoon we shall act in accordance with last sentence of paragraph 3 of League resolution of March 4th and report to our governments for information of Assembly at Geneva. I further intimated, pending further instructions from you, that I should probably consider my present mandate as exhausted and proceed to Nanking as it was both humiliating and ridiculous that representatives of the four Great Powers should be kept hanging on aimlessly in Shanghai at whim of two interested parties.

Repeated to Peking, Mission and Tokyo.

ascertained that Mr. Quo, while unable to accept the formula (No. 1) as it stood, had been instructed to put forward fresh proposals, which represented a closer approach to what the Japanese were prepared to accept than anything hitherto agreed to by the Chinese side, and furthermore that he, Mr. Quo, was personally prepared to consider a slight variation of formula No. 1 which, while leaving its meaning in the main unchanged, brought the wording to some extent into line with the Chinese draft. Mr. Quo also explained to us his own difficulties and that of his Government, in view of the storm of public criticism which would be provoked by the conclusion of any agreement without definite provision for a time-limit for the completion of the withdrawal of the Japanese troops. Discussing the terms of the proposed Japanese declaration and their inadequacy from the point of view of the time-limit question, Mr. Quo said that, had he full powers to act at his discretion in the matter (which he had not), he would be tempted to sign the Agreement as it stood without any Japanese declaration at all, and rely on the first sentence of Article III with its explicit undertaking on the part of Japan to withdraw her troops.<sup>1</sup>

## No. 188

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 9, 5.30 p.m.)*

*No. 269 Tour. Telegraphic: by wireless [F 3309/1/10]*

SHANGHAI, April 9, 1932

What threatened to be final meeting and break up of conference was held this evening April 9th.

2. Japanese signified their acceptance of formula one but the Chinese put in a fresh draft.<sup>1</sup> Finally after infinite argument by both sides I put it to the meeting that sooner than admit failure they should try to modify formula one so as to meet the views of both sides: and I suggested what should be the acceptable method of doing this<sup>2</sup> (actually wording had been put up by United States Minister beforehand).

3. Chinese agreed to refer to Nanking but Japanese professed to be unable to approach Tokyo without further consultation amongst themselves. They will let me know later their decision. Contingent on their agreeing the next meeting will be held on the afternoon of April 11th.

<sup>1</sup> See No. 192 below, paragraph 4.

<sup>2</sup> See *ibid.*, paragraph 6.

4. I told the meeting twice that unless both sides did so refer to their government's [*sic*] conference would clearly have exhausted its resources; and I and my colleagues would be constrained to telegraph identic report on April 10th for communication by our governments under third paragraph of resolution of March 4th to Geneva where committee of special assembly were meeting again on April 11th. I did this by way of deliberate pressure upon Japanese side to accept the perfectly reasonable formula now before them. From Japanese Minister's remarks after the meeting I get the impression he is himself favourably disposed to the proposed solution.

Repeated to Peking, Mission and Tokyo.

### No. 189

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 10, 6.20 p.m.)*

*No. 271 Tour. Telegraphic: by wireless [F 3310/1/10]*

SHANGHAI, April 9, 1932

My immediately preceding telegram.<sup>1</sup>

Following is Rengo message referred to.

Yoshizawa last night despatched instructions to Shigemitsu to accept first proposal of three made by Sir M. Lampson regarding time-table for withdrawal of Japanese troops.

Japanese Government in the instruction[?] express intention to agree to first measure rather than second and third acceptance of which may accompany possibility of giving excuse to Chinese to evade Round Table Conference in case agreement for cessation of hostilities not fulfilled. Japanese Government in adopting first proposal especially wants to emphasize clearly and effectively following two points.

1. First proposal includes clause that Japanese Government hopes that conditions be improved within six months but clause does not mean Japanese Government's promise to withdraw troops to International Settlement and to extra Settlement roads within six months. In this connexion Japanese Government wants to make clearly known that clause above mentioned only expresses Japanese hope that local conditions be improved in that period of time so as to enable Japanese troops to withdraw.

2. The opening of the Round Table Conference should be guaranteed in connexion with Japanese statement.

Repeated to Peking and Nanking.

<sup>1</sup> No. 192 below: these telegrams were despatched in reverse order.

*Sir J. Simon to Sir M. Lampson (Peking)*

*No. 338 [F 2621/270/10]*

FOREIGN OFFICE, *April 9, 1932*

Sir,

I have received your despatch Unnumbered of February 18th<sup>1</sup> enclosing a copy of a letter<sup>2</sup> from the agent of the British and Chinese Corporation Limited regarding the damage to the Shanghai-Nanking Railway during the Sino-Japanese military operations at Shanghai.

2. The right of His Majesty's Government to present claims against the Japanese Government in respect of damages suffered by British interests has already been safeguarded in principle,<sup>3</sup> and no further action can be taken until a statement of claim has been presented by the British and Chinese Corporation and has been considered.<sup>4</sup>

3. I would add, for your information, that the legal position is, I am advised, as follows. On the assumption that the activities of the Japanese military in Shanghai were illegal, the Japanese Government would be liable for any damage whatever resulting from their action, even though in the ordinary way such damage would be justified by the plea of military necessity. That is to say, on this assumption, it would not even be necessary to prove that the damage was not necessary and was wanton. If, on the other hand, the Japanese operations in Shanghai were justified, then, in spite of the fact that no actual state of war existed, the position would be that the Japanese Government would probably not be liable for damage caused *bona fide* in the conduct of the operations, but would only be liable for damage of a wanton nature. In the present case Mr. Boothby's reports indicate that the damage was wanton and had no necessary connexion with the carrying on of military operations. It appears, therefore, that from whatever point of view the matter is regarded, the Japanese Government are liable.

4. The other question which arises is whether the claim should be presented by the Chinese Government, who own the railway, or whether a claim could be preferred by His Majesty's Government on behalf of the bondholders who are secured upon the railway property. It will, in any event, be necessary for the bondholders, through the British and Chinese Corporation, to make their own representations to the Japanese authorities with the

<sup>1</sup> Not printed.

<sup>2</sup> Of February 5, from Mr. B. W. B. Boothby; not printed.

<sup>3</sup> Sir M. Lampson had reported, in his telegram No. 139 Tour of March 2 (not printed), that he had 'addressed note to Japanese Minister reserving rights of British interests concerned pending consideration by His Majesty's Government'. See also Volume IX, No. 476.

<sup>4</sup> Sir M. Lampson's despatch No. 76 T.S. of April 6 (received May 6) forwarded a statement by the British and Chinese Corporation in which the principal item was one of \$10 million to cover the cost of replacement of all the plant and machinery at the Woo-sung Workshops. 'Traffic losses' were estimated at \$1,202,436.00, making a total of \$16,893,317.

support, if necessary, of His Majesty's Government, but it is somewhat doubtful whether the bondholders have any real *locus standi*. They are not, of course, in the position of an ordinary creditor. An ordinary creditor has rights only against his debtor and if his debtor's property is damaged by a third party he has no rights against that third party. The position of a creditor who is secured on the actual property of his debtor is, however, somewhat different. It then becomes at any rate arguable that he has a direct interest in any damage done to the property. Particularly is this so when, as in the present case, his security is by way of mortgage, since, in theory, a mortgage transfers the legal title in the property to the creditor. The debtor retains only the right to redeem the property within a certain time and the right in actual practice to continue in possession of it. Hence, in the case of creditors who are secured by mortgage a very strong argument could be made for showing not only that they have a direct interest in the property but that they are in fact the actual legal owners. This view has not always been held by arbitral tribunals, but in those cases mortgages not conveying a legal title were generally in question. Most mortgages, however, do convey a legal title and I am advised that on the whole the position of a mortgagee is sufficiently strong to warrant his making a direct claim and to warrant his government in supporting him.

I am, &c.,

(For the Secretary of State),

C. W. ORDE

## No. 191

*Sir R. Graham<sup>1</sup> (Rome) to Sir J. Simon (Received April 12)*

*No. 281 [F 3367/1/10]*

ROME, April 9, 1932

Sir,

I have the honour to acknowledge the receipt of your despatch No. 330<sup>2</sup> (F 2649/1/10) of the 5th instant, enclosing a despatch from His Majesty's Ambassador at Moscow No. 123<sup>3</sup> (37/28/32) Confidential, of March 15th, regarding the Soviet attitude towards the Sino-Japanese dispute. My Japanese colleague here, Mr. Shigeru Yoshida, endeavours to keep in close touch with me. He visits me at frequent intervals to explain and defend the Japanese case, and plies me with written propaganda on the subject. Mr. Yoshida, speaking confidentially but frankly, expresses his serious disapproval of the line adopted by the Japanese Government in this controversy. His opinion is that while the Japanese case as regards Manchuria is unassailable, it has been badly presented and handled. Moreover, that the Shanghai action has been a grave miscalculation. He tells me that he has asked his Government to allow him to go to Tokyo in order to explain to them clearly the European point of view and the atmosphere which Japan

<sup>1</sup> H.M. Ambassador at Rome.

<sup>2</sup> See No. 89, note 6.

<sup>3</sup> i.e. No. 89.

has created at Geneva. So far, he has received no answer to this request, but at our last interview a couple of days ago he mentioned the attitude of Russia, and gave me a piece of information which you may consider of interest. He said that his Japanese colleague in Moscow had recently reported to Tokyo that there was now nothing whatever to fear from Russia and that the Japanese Government could, to all intents and purposes, ignore her in any action they wished to take. This had not been the opinion of the Japanese Embassy in Moscow some time ago. I gathered that Mr. Yoshida thought that the opinion now expressed was based rather on the fact that the Soviet Government were incapable of taking effective action rather than that they might not wish to do so.

I have, &c.,  
R. GRAHAM

## No. 192

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 10, 8.30 p.m.)*  
*No. 270 Tour. Telegraphic: by wireless [F 3318/1/10]*

SHANGHAI, April 10, 1932<sup>1</sup>

My telegram No. 269.<sup>2</sup>

14th meeting of Conference evening of April 9th.<sup>3</sup>

In reply to my invitation to the two sides to inform the meeting of replies received from their governments on the subject of the three alternatives (see penultimate paragraph of my telegram No. 266)<sup>4</sup> Japanese delegates stated that their government accepted the first alternative i.e. Japanese declaration with addition of words proposed in paragraph 4 of my telegram No. 266. They were prepared to accept this in spite of big divergence from their original proposal to show their appreciation of efforts of Foreign representatives and their desire to arrive at speedy conclusion of negotiations.

2. Chinese delegate said that all three alternatives were unacceptable to his government for reasons he had already explained. He went on to say that additional weight was lent to these reasons by interpretation placed on proposed Japanese declaration by Japanese Minister for Foreign Affairs in Rengo press message just received dated Tokyo April 9th text of which is contained in my immediately following telegram.<sup>5</sup> In the light of this message it was much more difficult for Chinese Government to accept any declaration on lines proposed.

3. Japanese Minister who was evidently much embarrassed denied having received any such instructions. Message probably for home consumption was a most unfortunate one; press were frequently misinformed and issued irresponsible news items; and so on.

4. Kuo then said he was instructed by his government to propose alternative formula for Japanese declaration to the effect that Japanese troops would

<sup>1</sup> This telegram was drafted on April 9.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 683-4.

<sup>2</sup> No. 188.

<sup>4</sup> No. 181.

<sup>5</sup> No. 189.

as soon as possible be further withdrawn to the Settlement etc. 'it being expected that such withdrawal will be completed within a period of four months or sooner during which normal conditions in and around Shanghai will have been re-established.'

5. Japanese Minister refused to consider this arguing that the discussion was now limited to 3 alternatives of which Japan had accepted the first and that he was quite unable to entertain any new proposals.

6. After discussion on this point had exhausted itself I intervened with support of my United States colleague by pointing out that there was in fact little difference of substance between alternative one and new Chinese proposals. Japanese Minister demurred but I proceeded to analyse the differences as 'normal conditions' in Chinese draft as opposed to 'conditions of security' etc. in Japanese draft, word 'expect' for word 'hope' and four months for six months. Disregarding the last two points I suggested amending draft to meet Chinese requirements as follows: 'Japanese Government take this opportunity to declare that as soon as local conditions in and around Shanghai return to normal—and they hope that conditions will have so returned within six months or sooner—the Japanese troops will be further withdrawn to International Settlement and extra Settlement roads in Hongkew district as before incident of January 28th, 1932'.

7. After a show of bargaining over the period of six months Kuo agreed to refer the above formula to Nanking.

8. Japanese Minister continued to maintain his objections to considering any new proposals but was eventually induced by my arguments supported by those of United States Minister to say that he would consult his colleagues and let us know later whether or not Japanese delegation could see their way to refer the new formula to Tokyo. I made it plain that the only alternative seemed to be for the two sides to report a deadlock to their respective governments and for us to report the same to our governments for the information of the League assembly whose special committee were we understood meeting in Geneva April 11th.

9. Later in the evening the Japanese Minister informed me that Japanese delegation were referring the new formula to Tokyo on the understanding that no further changes would be proposed by Nanking.

10. Next meeting of Conference is provisionally fixed for Monday<sup>6</sup> afternoon.

Repeated to Peking, Mission and Tokyo.

<sup>6</sup> April 11. Sir M. Lampson reported that day in telegram No. 278 Tour that the meeting had been postponed owing to the non-arrival of the Chinese delegation's instructions.

## No. 193

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 10, 6.20 p.m.)*  
*No. 272 Tour. Telegraphic [F 3311/1/10]*

SHANGHAI, April 10, 1932<sup>1</sup>

Report of Military Sub-Committee April 9th.

Question of position of Chinese troops east of Wangpu River came up for discussion. Both sides went over old ground introducing much controversial matter away from the subject into their arguments.

2. Meeting adjourned after three hours debate, Chinese delegate declaring that he wished to refer to Nanking.

3. There is a possibility that both sides may be got to accept a solution on general lines but wording will require much consideration.

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> The time of despatch is not recorded. This telegram, drafted on April 9, was probably sent by wireless.

## No. 194

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 11)*<sup>1</sup>  
*No. 273 Tour. Telegraphic: by wireless [F 3345/451/10]*

*Confidential*

SHANGHAI, April 10, 1932

Your telegram No. 54.<sup>2</sup>

On my instructions Mr. Stirling saw Inspector-General of Customs on March (? April) 8th in order to ascertain the actual position in Manchuria and sound him as to whether in his opinion there was anything further that could usefully be done.

2. Inspector-General of Customs states that there has so far been no actual interference with the Customs in Manchuria; the demand that revenues be transferred to Manchurian banks, see my telegram 311 to Mr. Ingram,<sup>3</sup> is still outstanding but there has so far been no attempt to enforce it or to prevent remittances to Shanghai. Inspector-General of Customs considers however that drastic action by the Manchurian authorities cannot be postponed for long. He is personally convinced as a result of confidential reports from Manchuria that he could come to an arrangement on satisfactory terms at any moment but the Chinese Government refuse to allow him even to reply to the proposals put forward by the Manchurian authorities—see (? my telegram 225<sup>4</sup>) and this he thinks the latter will not be able to tolerate (he

<sup>1</sup> The time of receipt is not recorded.

<sup>2</sup> No. 170.

<sup>3</sup> Not printed. This telegram (repeated to the Foreign Office in Sir M. Lampson's telegram No. 235 Tour, received 5.30 p.m. on March 28) instructed Mr. Ingram to make the representations recorded in paragraph 15 of No. 178.

<sup>4</sup> Not printed; cf. *ibid.*, note 23.



is inclined to attribute attitude of the government partly to jealousy of his Inspector-General of Customs' position on the part of Ministry of Finance and consequent unwillingness to allow him to settle the matter on his own).

3. Acting on instructions Mr. Stirling showed text of your telegram 55<sup>5</sup> to the Inspector-General of Customs who was impressed with the logic of its arguments and volunteered that if there was a case for representations it was . . .<sup>6</sup> at Nanking rather than at Tokyo. He stated however his opinion that everything possible had already been done and that if the Chinese Government were determined to wreck the Customs in Manchuria the responsibility must rest with them.

4. Mr. Ingram reports as a result of his representations in Nanking he finally elicited the reply from Minister for Foreign Affairs on April 4th that the matter had been re-discussed in the Cabinet and the decision had been against any compromise. I am inclined to agree with the Inspector-General of Customs that there is nothing further to be done. My inclination is that we should leave the matter alone until the Customs are in fact interfered with. If that happens I do not know whether the Japanese Government could be persuaded in the common interest to exert their influence with the Manchurian authorities to limit their action to seizure of surplus revenues and to allow customs administration to continue to function as at present.

Repeated to Peking, Mission and Tokyo.

<sup>5</sup> No. 171.

<sup>6</sup> The text is here uncertain.

#### No. 195

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 11, 10.15 a.m.)*

*No. 274 Tour. Telegraphic [F 3319/1/10]*

*Immediate*

SHANGHAI, April 10, 1932<sup>1</sup>

Following received from Shanghai.

Addressed to Foreign Office No. 274, repeated to Peking, Tokyo, Geneva and Mission.

My telegram No. 270.<sup>2</sup>

Kuo tells me he hears from Nanking that they have telegraphed to W. W. Yen in Geneva for his advice.<sup>3</sup>

2. I told him if tomorrow April 11th Japanese came down to meeting and accepted yesterday's formula only to find that the Chinese refused it the Chinese position would be very bad. The Japanese would quite certainly not be moved to agree to anything better.

3. Apart from that if matter was now to be transferred back to Geneva I personally should regard my mandate as exhausted and should leave Shanghai (which I shall in fact do).

<sup>1</sup> Date of drafting. This telegram was sent via Geneva and appears to have been relayed from there to the Foreign Office at 10.15 a.m. on April 11. The first sentence was presumably inserted at Geneva.

<sup>2</sup> No. 192.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 684-5.

4. Kuo said he had great internal difficulties. General Taichi was threatening in certain circumstances not to sign in which case it would be difficult for him, Kuo, to sign. He was inclined to think it might be better to cut out all further idea of *any* Japanese declaration and sign simply with Article 3 as it stood. I said that I could see the advantage of that: but unless at tomorrow's meeting China agreed to sign *something* I should not stay here myself any longer.

5. Possibly a word to Yen in Geneva might do good if it can be done. If China misses the present opportunity of getting an agreement she will in all probability be faced with indefinite postponement of Japanese withdrawal as I pointed out to Kuo.

### No. 196

*Sir R. Vansittart<sup>1</sup> to Sir M. Lampson (Shanghai)*

*No. 58 Tour. Telegraphic [F 2605/1/10]*

FOREIGN OFFICE, *April 11, 1932, 2.15 p.m.*

Your telegram No. 186 Tour<sup>2</sup> (of 15th March. Relations with new Manchurian administration).

There is no objection to His Majesty's Consular Officers in Manchuria carrying on day-to-day dealings with local *de facto* authorities which are usual in such circumstances.

Repeat to Tokyo.

<sup>1</sup> Sir J. Simon had left London on April 10 to attend the Disarmament Conference at Geneva, visiting Paris on the way.

<sup>2</sup> No. 103: that telegram, drafted on March 15, had been despatched on March 17.

### No. 197

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 11, 7 p.m.)*

*No. 276 Tour. Telegraphic: by wireless [F 3360/1/10]*

SHANGHAI, *April 11, 1932*

Peking telegram No. 94<sup>1</sup> to me.

I am all for helping Commission as far as we properly can and am

<sup>1</sup> In this telegram of April 10 (repeated to the Foreign Office in Sir M. Lampson's telegram No. 277 Tour, received at 5 p.m. on April 11) Mr. Holman reported as follows on a conversation with Lord Lytton: 'I had long conversation with Lytton last night. He hopes that all relevant information in the Legation archives regarding Manchurian crisis since September 18th and general survey of events leading up to it in previous years will be placed at disposal of the Commission so that they can study it before proceeding to Manchuria in a week's time. Similar request will be made of other Legations [see *L.N.O.* 7., *S.S. No. 101*, p. 209]. He quite understands that certain information may have to be for his

authorising Mr. Holman at his discretion to give Lord Lytton *personally* access to such reports as Mr. Holman thinks suitable (I have no archives and thus cannot control selection here) for his *confidential* information. I feel sure, however, that it is most undesirable that British official reports written for the information of His Majesty's Government and not for any outside eye should be communicated to any international body and still more so that they should be quoted in any report Commission may make to Geneva or elsewhere.

2. Please telegraph instructions on this and also on question raised by Mr. Holman of British officials giving evidence before Commission. As to which my feelings are the same regarding our reports etc. I do not at all like suggestion.

Repeated to Peking.

eyes alone. He warned me that in their report the Commission might in certain instances have to quote their sources of information.'

Mr. Holman added that the Commission was 'also anxious to take evidence of eye-witness[?]es] of phases of the crisis. Only person available at the Legation is Lovat Fraser. May he give evidence? I understand Kent [Director of the British-American Tobacco Co.] and Steele [Director of Transportation of the Peking-Mukden Railway] are doing so. Are there other persons foreign or otherwise whom you wish me to suggest?

'May I have your immediate views and instructions on both questions.'

## No. 198

*Aide-mémoire communicated by the United States Chargé d'Affaires on  
April 12<sup>1</sup>*

[F 3362/451/10]

LONDON, April 11, 1932

With reference to recent discussions on the subject of the maintenance of the integrity of the Chinese Customs Administration<sup>2</sup> it would appear in the opinion of the Government of the United States that the objective envisaged by the Foreign Office in this connection is different from that envisaged by the Department of State. The Foreign Office manifests concern for the maintenance of the integrity of the Chinese Customs Administration: the Department of State is concerned with the broader subject of the maintenance of the administrative integrity of the Chinese State.

It is quite true that enjoyment [establishment] of a separate customs administration or separate salt and postal administration[s] may be regarded as one among the logical consequences of the establishment of an independent state.

<sup>1</sup> The Acting Secretary of State's communication to Mr. Atherton of April 7 on which this *aide-mémoire* was based is printed in *F.R.U.S. 1932*, vol. iii, pp. 673-6. While the general effect of the two documents is the same there are a number of textual differences and one major rearrangement (see note 5 below). The main differences are indicated (i) by the printing in square brackets in the main text of the corresponding wording in the document in *F.R.U.S.*, *op. cit.* (ii) in the footnotes below.

<sup>2</sup> Cf. No. 170, note 3.

However, admitting that as perhaps axiomatic it is quite another thing to give countenance to action on the part of political authorities who claim to be acting on the part [on behalf] of an independent State, whose right [so] to act is not admitted, and whose state is not recognized, by acquiescing without protest in situations which those authorities create.<sup>3</sup>

It is not the Department of State's understanding that the authorities at Canton declared themselves independent of China. The Nanking Government could make no arrangement<sup>4</sup> with the Canton authorities without creating the implication and risking the consequences which would follow from its making similar arrangements with the present administration in Manchuria. Any assistance which foreign powers may give toward bringing about a compromise arrangement between the present Manchurian Administration and the Nanking Government must in effect amount to a contribution to the cause of the Manchurian administration and thus to the cause of any and all who are endeavoring to make Manchuria a separate state. Acquisition by the Manchurian Administration of an annual return [revenue] in the amount of some 20 million dollars sequestered from customs receipts which belong to China would contribute substantially toward the success of the effort which is being made to sever Manchuria from China. The effort is in plain disregard of the declared views, policies, rights or interests of various governments and the recent resolutions of the League. The same may be said of steps which are being taken in Manchuria in relation to the Salt Administration and the Postal Service.

Such evidence as the Department of State has indicates that Japan not only has instigated the establishment of an independent state, but has taken the initiative in regard to, and has practical direction of, all important action taken by the new administration in Manchuria. Japan's denials do not alter the facts and the replies, if any, which the Japanese might make to objections registered and reservations made by foreign Powers would not render those objections and reservations invalid.

Notwithstanding the reports made by the Ambassadors at Tokyo of several Powers with regard to the effect in Japan of the course which has been pursued by foreign governments in making representations of various types to the Japanese [Government] during the past few months, it is this Government's estimate that this course will in the end result [in] more of advantage than of disadvantage from the point of view of the policies and the interests of the various foreign countries most concerned and the interests of the world at large.

The Department of State notes the statement that during the last few months [weeks] His Majesty's Government has made every effort by means of advice, expostulations and private negotiations.<sup>5</sup> With regard, however,

<sup>3</sup> The following additional words are in the *F.R.U.S.* document: 'or which are created through them'.

<sup>4</sup> The *F.R.U.S.* text here reads: 'could make "compromises" with'.

<sup>5</sup> The *F.R.U.S.* text has a comma here and continues with the passages on lines 17-36 on page 276, reading: 'both at Tokyo and . . . their success'.

to the suggestion of the Foreign Office that, if the American Government still desires that representations be made, these representations should be made orally and simultaneously to the Japanese Ambassadors in Washington and in London, respectively, it seems to the Department of State that such action would distinctly and definitely imply that the Japanese Government alone is considered to be responsible with regard to the acts in relation to which the representations are being made; whereas if these representations were made in the form of notice given at Tokyo, at Nanking and in Manchuria, as the Department of State has suggested, the implication would be that it is the desire of the two Governments to have their position on record with any or all authorities who may be responsible for or party to the action to which objection is taken. It is the estimate of the Department of State that representations made orally and to the Japanese Ambassadors only would have little or no advantageous effect, in that (a) they would be reported to only one of the various authorities concerned, that one being the one least likely to be moved by them, and (b) they would leave nothing of record<sup>6</sup> both at Tokyo and at Nanking to save the integrity of the Chinese Maritime Customs. The Department of State feels that the effort should be more broad, that it should be directed toward the preservation of the integrity of the Chinese State, that it should concede nothing which may undermine that integrity, and that it should be participated in by other Powers. Mere present preservation of the integrity of the Chinese Maritime Customs will be but a temporary thing if a separate state becomes an enduring fact. The preservation of the integrity of the Chinese Maritime revenue is a more important objective than preservation of the integrity of machinery for its collection; and preservation of the integrity of the Chinese State is even more essential toward any lasting preservation of the integrity of one of its agencies.

The declaration of independence of Manchuria and the request by the Manchurian Administration for recognition were political acts which could best be met by silence. But administrative acts by that administration call for action in the nature either of acquiescence or of objection by persons and/or states affected by that action. If the governments concerned make no objection they contribute toward making successful the efforts of those who are responsible for these [activities]. By objecting, we might place obstacles in the way of their success; they would give the Japanese the impression that authority with regard to the matter is considered to rest with them alone.

At the same time the Department of State realizes that there are considerations which warrant doubt with regard to the practical expediency of making representations simultaneously at Tokyo, at Nanking and in Manchuria.

<sup>6</sup> The *F.R.U.S.* text here continues: 'and they might have disadvantageous effect, in that they would give the Japanese the impression that we consider that authority with regard to the matter rests with them alone.' Cf. last two lines of the next paragraph of the *aide-mémoire*.

Such being the case, it occurs to the Department of State that it might be practicable and helpful if various governments would make [simultaneously] public statements similar or identical in text, emphasizing the interest of the world in relation to the Chinese Customs, Salt and Postal Administrations, outlining the situation and the facts with which they are confronted in consequence of action taken by the Manchurian Administration, expressing objection, and making reservation. If the Foreign Office views this suggestion with favor and as acceptable in principle, the Department of State is prepared to submit for its consideration a draft of such a proposed public statement.

The Department of State feels that silence by the Powers at this juncture cannot but contribute to the strengthening of Japan's position and the undermining of the rights and interests of the other Powers, individually and collectively. The Department of State feels that some at least of the Powers concerned should speak, but it does not feel called upon to do this alone. It would be glad to speak in concert with the British Government. The Department of State has also in contemplation the possibility that the League of Nations may be pondering the situation and might welcome suggestions with regard to possible courses of action.<sup>7</sup>

<sup>7</sup> A copy of this *aide-mémoire* was sent to Sir J. Simon at Geneva on April 12. A minute on the file by Sir V. Wellesley read: 'A fatuous production. Nevertheless it may be just as well to let Mr. Stimson put up his draft for consideration. V. W. 13/4/32.'

#### No. 199

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 12, 3 p.m.)*  
*No. 279 Tour. Telegraphic: by wireless [F 3383/1/10]*

*Immediate*

SHANGHAI, April 12, 1932

Chinese having referred question of Japanese withdrawal once more to special assembly of League<sup>1</sup> no doubt in the hope of bringing fresh pressure upon Japan, I am booking to leave Shanghai Saturday night, April 16th. If Chinese mean to sign they will do so before that. If they do not it merely makes us look ridiculous to hang on here aimlessly at their pleasure and Mr. Brennan can cope more than efficiently with any later developments.

I am informing my United States<sup>2</sup> and other colleagues.

Repeated to Peking, Mission and Geneva.

<sup>1</sup> See Nos. 195, and 203 below.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 687.

#### No. 200

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 12, 6 p.m.)*  
*No. 280 Tour. Telegraphic: by wireless [F 3384/1/10]*

SHANGHAI, April 12, 1932

Record of proceedings of Military sub-committee April 11th.

Discussions centred around final adjustments described and recorded on

maps of four localities fixed on for temporary use of Japanese troops after withdrawal of their present line. This problem of localities after withdrawal to settlement and adjacent areas might be now considered as settled contingent upon agreement being reached on major problems before main conference.

2. Colonel Badham-Thornhill then called the attention of both delegates to urgent necessity for coming to decision on question of positions of Chinese troops east of the Wangpu River and south of Suchow Creek. Long speeches by both delegates and much fencing over words occupied considerable time.

3. Compromise, which depends on Japanese waiving their demand to have actual positions of Chinese troops specified, may be reached but attitude of Japanese delegate shows he still has demilitarisation at back of his mind.

Repeated to Peking, Mission and Tokyo.

### No. 201

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 14, 9.30 a.m.)  
No. 281 Tour. Telegraphic: by wireless [F 3433/1/10]*

SHANGHAI, April 12, 1932

It would be most helpful to know early what, if anything, is passing at Geneva over Shanghai negotiations.

2. Japanese Minister is clearly puzzled and I fancy not over happy.

3. Kuo on the other hand still expects to sign within 10 days or so. But as what he looks for from Geneva is overruling of Japan on the question of time limit (I gather in the form of an interpretation of third paragraph of resolution of March 4th) I told him I did not share his optimism. China had created for herself this bogey of a time limit and now apparently could not escape from it; I did not believe Japan would give way League or no League. China would have been much better advised to take Article 3 as it stood and not raise any question of time limit or declaration at all.

4. Meanwhile two days have passed with no instructions to Chinese side and main conference is at standstill.<sup>1</sup> There seems no special reason why it should resume. Can I be given any rough estimate how long pronouncement by committee of special assembly is likely to take, or what its form is likely to be?

Repeated to Geneva, Peking, Mission, Tokyo.

<sup>1</sup> In his despatch No. 94 T.S. of April 15 to the Foreign Office (see No. 137, note 11), Sir M. Lampson recalled that the formal conference, which opened on March 24, had already extended over fourteen meetings and occupied some forty hours, whilst for much of the time the military sub-committee had been sitting concurrently. 'A perusal of this report, tedious though it must be, can convey but inadequately the wearisome nature of the discussions . . . it is difficult to see how any progress at all could have been made had the two sides been left to thresh things out by themselves without neutral assistance.'

No. 202

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 13, 9 p.m.)*  
*No. 282 Tour. Telegraphic: by wireless [F 3246/1/10]*

SHANGHAI, April 12, 1932

Report of military sub-committee of April 12th.

Discussion continued on Chinese position (? east) of Wangpu. Certain differences of opinion on interpretation of wording were encountered causing delay.

2. There still remains a wide gap between the views of the opposing delegates which remains to be bridged before any possible agreement can be reached.

3. The Committee meet again on April 14th.

Repeated to Geneva, Peking, Mission and Tokyo.

No. 203

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*  
*No. 27<sup>1</sup> Telegraphic [F 3407/1/10]*

GENEVA, April 12, 1932

Following from Secretary of State.

Your telegram No. 73.<sup>2</sup>

I<sup>3</sup> saw Yen here at Geneva last night and warned him if China did not agree to sign in accordance with your recommendations you felt you could not usefully continue at Shanghai and would leave.

Yen stresses difficulty of Chinese Government acting in defiance of Chinese opinion.

He has spoken to me again to-day asking me from his Vice Minister to urge you to stay on. I replied I had complete confidence in your judgment and should not attempt to overrule it. The fact that you felt so strongly should surely show Chinese the importance of taking their courage in both hands and agreeing.

Yen has asked for a resumed meeting of special assembly on Saturday.<sup>4</sup>

Secretary General of League of Nations thinks Yen may be hoping for advice from assembly in favour of signature and that this would give Chinese Government the necessary resolution. I doubt whether Yen's intervention will produce this result from assembly but I should be glad of an immediate message from you setting out clearly points at issue and expressing your view

<sup>1</sup> Repeated as No. 149 L.N. to the Foreign Office at 1.10 a.m. (received at 9.30 a.m.) on April 13.

<sup>2</sup> The reference is presumably to the repetition to Geneva of Shanghai telegram No. 274 to the Foreign Office, i.e. No. 195.

<sup>3</sup> i.e. Sir John Simon.

<sup>4</sup> April 16. Cf. *L/N.O.J.*, *S.S. No. 101*, p. 238.



of what China should do in the circumstances. Could your colleagues send corresponding messages to their governments' representatives here? A reciprocal message to this effect would be of particular value especially as Mr. Stimson will be here in Geneva on Saturday.

Repeated to Foreign Office.

No. 204

*Mr. Dening (Dairen) to Sir J. Simon (Received May 9)<sup>1</sup>*

*No. 12 O[verseas] T[rade] [F 4059/2362/10]*

*Confidential*

DAIREN, April 12, 1932

Sir,

I have the honour to transmit herewith a confidential memorandum which I have prepared on the economic outlook in Manchuria as a result of Japanese action since 18th September, 1931.

2. At this stage it is impossible to go much further than mere conjecture, and some time must necessarily elapse before the situation clarifies to an extent where one may with certainty give any details of the general trend of Japanese economic penetration. I have ventured to think, however, that a preliminary survey, based on local observations made during the last few months, may be of passing interest.

3. Copies of this despatch and its enclosure have been sent to His Majesty's Ambassador at Tokyo, to His Majesty's Minister at Shanghai, to Peking, His Majesty's Consuls-General at Mukden and Harbin, and to the Commercial Diplomatic officers at Tokyo and Harbin.

I have, &c.,

M. E. DENING

ENCLOSURE I IN No. 204

*Memorandum on Trade Prospects in Manchuria as a result of Japanese Action since September 18th, 1931, with particular regard to the Japanese point of view*

Reference:<sup>2</sup> Despatch from the Acting Commercial Counsellor, Tokyo, O.T. B. [No.] 24 of 5th February, 1932, to the Department of Overseas Trade, and Sir Francis Lindley's despatches O.T.A. No. 1 of 26th February, O.T.A. No. 2 of 12th March, O.T.A. No. 3 of March 21st and O.T.A. No. 4 of 1st April, 1932.

1. In the press notices enclosed with the above despatches, various references have been made to enterprises which it is expected will be undertaken by Japan in Manchuria in the near future. Similar notices have

<sup>1</sup> This despatch was received in the Foreign Office through the Department of Overseas Trade.

<sup>2</sup> The despatches referred to are not printed.

appeared from time to time in the Japanese press in Dairen. The question arises, however, to what extent the Japanese schemes have taken, or are likely to take, concrete shape, and here one is met with the difficulty that there is no inclination on the part of Japanese in Manchuria to-day to divulge anything that is going on. The continued absence of senior officials in Mukden or elsewhere in Manchuria, while rendering it increasingly obvious that various schemes are afoot or under investigation, make[?] it correspondingly difficult to obtain any information, and it is the writer's opinion that the conspiracy of silence which reigns at present—intangible though it may be—is not likely to come to an end until the intentions of the Japanese become *faits accomplis*.

### *The Politico-Economic Situation*

2. It is evident that the economic aspect of the situation with which this memorandum is particularly concerned, is inseparable from the political activities which have given rise to it, and it may therefore be well to give a brief survey of the conditions which are likely to affect the economic future of Manchuria.<sup>3</sup>

3. At the time of writing, Japanese armed action has succeeded in eliminating practically all the opposing Chinese elements in Manchuria, with a few exceptions, but banditry and guerilla warfare seem by no means at an end, and there are constant accounts in the Press of minor clashes. A new Manchurian State has come into being, composed of elements believed to be, or compelled to be, friendly towards the Japanese, and assisted, or rather directed, by a host of Japanese advisers. It would be vain to suppose that this new State will be completely independent, since it is manifestly evident that it is under strong Japanese influence, and there is little doubt that actually it is under complete, though secret, Japanese control.

4. Amongst the matters which chiefly occupy the minds of Japanese and foreigners alike in Manchuria is the extent to which the new State will exercise its independence with regard to currency, customs, communications, posts and telegraphs. Reading between the lines of the daily press accounts it is probably fairly safe to conclude that while complete independence is desired in all these directions, the questions involved are so intricate that details have yet to be worked out.

5. The effect of complete independence in currency, customs, communications, posts and telegraphs, which will mean, in other words, their virtual control by Japan through her advisers, will be so far-reaching and involve so many questions of an international nature, that it is scarcely within the

<sup>3</sup> In Dairen despatch No. 38 of March 29 to Sir F. Lindley, forwarded to the Foreign Office under Tokyo formal covering despatch No. 185 of April 5, Mr. Dening reported that the Kwantung Government had announced the retirement of 322 officials, and he wondered whether this wholesale reduction was not part of a scheme to reduce in scope the functions of the Kwantung Government. Actually this Government 'isolated as it is at Port Arthur, some 30 miles from Dairen, is a cumbersome vehicle of administration which is, not unjustly perhaps, unpopular even amongst many Japanese'.

scope of this memorandum to discuss them here. At the time of writing only the posts have openly been taken over by the new State.

### *Currency*

6. The question as to the most suitable currency for the new Manchurian State has been examined fairly closely by Japanese, some of whom have been willing to discuss the question freely. It seemed to be an undoubted fact that the Japanese Military authorities advocated a gold standard, with a view, probably, to linking Manchuria more closely to Japan proper. But this view was strongly opposed by Japanese merchants, and the Dairen Japanese Chamber of Commerce, having held a meeting on the subject, came to the conclusion that a gold standard, while ideal, was not practical, and that a silver standard should be maintained. It was subsequently stated in the Press that the Mukden large dollar would form the basis of the new Manchurian currency, but more recently another newspaper article alleges that the new Central Bank will adopt a gold standard. If this is true it will mean that the Japanese Army has once more dictated a policy which is contrary to the advice of experienced business men. Even the introduction of the Gold Yen into the Leased Territory some twelve years ago is still deplored by many Japanese who conform to the belief that since China is a silver country, Manchuria must work on a silver basis.

7. It will be remembered that in past years the practice was for the Mukden Government to buy produce with almost valueless *fengpiao* notes from the farmer and sell it in gold Yen, thus reaping large profits which unfortunately were not used to benefit the country, but to maintain armies, to fill the pockets of officials, and to engage in military adventures in China proper. The foreigner therefore cannot fail to sympathise with any scheme which will result in a stable currency for Manchuria, and which will increase the buying power of its inhabitants.

### *Finance*

8. Closely connected with the currency question is that of the general finance of the new State. In this connexion I expressed some doubt a short time ago to a prominent Japanese business man as to how the new provincial Governments could hope to develop the country without adequate finances, unless they were helped by Japan. To this he replied that Japan was in no position to render any financial assistance, as she had sufficient financial trouble of her own. Yet a loan of 20 million Yen is already contemplated, though it will apparently be made through non-official channels in order to obviate the appearance of political recognition of the new State.

9. There is indeed a general tendency to believe that the new State will be expected by the Japanese to be financially self-supporting, and the question of adequate revenues must be exercising the minds of the Japanese advisers, but it already appears doubtful whether in fact the State can do without Japanese financial aid, at least at first.

### *Doubtful Prospects for the Immediate Future*

10. Rumours are at variance as to the actual amount of money of the old Mukden Government which fell into the hands of the new régime, but it is doubtful whether the actual sum will ever be known.

11. In the meantime, in the absence of financial assistance from Japan, it is difficult to see where the new State can expect to derive large revenues. It must be remembered that Manchuria for the past two years has been in the depths of a profound trade depression, which has led to a marked decline in both exports and imports. Added to this, business has been practically at a standstill for the last six months as a result of the Sino-Japanese hostilities, and the great increase of banditry which resulted therefrom. The Japanese man-in-the-street is unduly optimistic if he expects the country to recover in a few months from the state into which it has been plunged. The only grounds for optimism lie in the fact that in the fulness of time peace and order and the employment of revenues for their proper purposes may lead to a general increase of prosperity.

### *Buying Power of Manchurian Population*

12. In considering the 30 million inhabitants said to form the population of Manchuria, it must be borne in mind that they are almost entirely agricultural, and that the buying power of the vast majority, even in times of affluence, is very small and likely to remain so for many years to come. Thus, when the 30 million people come to be considered as a market for the products of any nation, it is scarcely to be anticipated that even peaceful conditions and just rule will in a short space of time bring about any really appreciable increase in their purchasing power. And if a poor agricultural population of 30 million people be compared with other markets in the world, it is not apparent that any very extensive field for trade is likely to be opened up solely through a betterment of political conditions.

### *Standard of Living and Japanese Immigration*

13. One of the subjects frequently discussed in the Press has been the possibility of increased Japanese immigration to Manchuria as the result of the Manchurian incident and the formation of the new liberal State. But is there any economic justification for this belief?

14. Industrial development may lead to the importation of a certain amount of skilled labour from Japan. But even this labour, if it can be replaced by Chinese, is not economically sound. Table 'A' attached to this memorandum gives figures showing the average difference in wages between Chinese and Japanese labour in Manchuria, and they are not encouraging from the point of view of Japanese immigration.<sup>4</sup>

<sup>4</sup> This table, not printed, gives average daily wages in gold yen of Japanese and Chinese in 23 occupations. The Chinese wages shown are normally a little above one-third of that of the Japanese, e.g. for carpenters, Japanese 3·57, Chinese 1·29; coolies, Japanese 3·05, Chinese 1·17.

15. The 'Manchuria Year Book' gives the following comparison of the working hours of Chinese and Japanese labour:—

	Chinese.		Japanese.	
	Hrs.	Mins.	Hrs.	Mins.
Weaving and dyeing . . .	13	40	10	53
Machinery and tool factories . . .	10	45	9	35
Chemical factories . . .	10	48	10	27
Food-stuff factories . . .	11	48	9	48
Miscellaneous factories . . .	13	0	10	10
Average . . . . .	11	28	9	58

It is stated that the Chinese work on an average one and a half hours longer than the Japanese, but that their efficiency is rated at from 30 to 40 per cent. less. 'But then, again,' the book adds, 'the wages of Chinese labourers are extremely low.' Further, we are told that the monthly cost of living of an average Chinese factory worker is Gold Yen 14·20, and that of a family of four persons Yen 30·94.

16. To quote again from the 'Japanese Manchuria Year Book':—

'It will be seen . . . that the Chinese cooperate with people of other nations, particularly with Japanese, in industries which require advanced knowledge and technique. As regards manual labour, however, the Chinese are certainly superior, because of their ability to do strenuous work on very simple fare, and their low wages rendered possible by this cheapness of living, and their docility in accepting longer working hours, make Chinese labour the most satisfactory and profitable in the world.'

17. In agriculture the difference in the standard of living is probably even more marked. In April 1929 the average wage per annum of a Chinese agricultural labourer was given as 120 Gold Yen. But hired daily labour is paid at the rate of 51 sen, the labourer providing his own meals. These are the results of Japanese investigations and refer to employed labour. One has, however, only to visit an average farm in the Leased Territory and compare it with an average farm in Japan to realise that there is a vast difference in the standard of living of the farmer himself, and it is difficult to see how Japanese agricultural immigration could possibly hope to succeed in competition with the Chinese.

18. Obviously, the solution for Japanese enterprises is their control by Japanese with the employment of Chinese labour, whether the enterprise be industrial or agricultural. This may prove economically sound and bring profit to Japan, but it will not assist the emigration problem. Strategic considerations may always involve the employment of Japanese in certain essential industries and in the maintenance of communications, but only at an added expense.

19. That there is, nevertheless, a strong desire on the part of many Japanese to emigrate to Manchuria seems to be an undoubted fact. But this one is inclined to attribute, firstly, to the agricultural and industrial distress

existing in various parts of Japan proper, which breed a desire to explore new fields, and, secondly, to the misleading reports which have appeared in the Press with regard to the ideal conditions likely to prevail in the Manchuria of the future.

### *Economic Aims of the Japanese in Manchuria*

20. Having assured the world that she has no territorial designs in Manchuria, it may be asked what Japan hopes to gain as a result of her actions of the past few months. Apart from the strategic and political advantage of securing a greater measure of control over her sources of supply, there are certain evidences of economic control which, in view of the declared policy of the Open Door and Equal Opportunity, it may be of interest to examine.

### *Railway Control*

21. As a result of her action in Manchuria, Japan has now assumed virtual control of all the competing Chinese railways, and there appear to be reasons for the belief that this will be followed by a gradual 'freezing out' of the Chinese Eastern Railway. One of the first evidences of this has been the announcement by the South Manchuria Railway Company that all preferential freights and concessions have been abolished (since there is now nothing to fear from Chinese competition). Last year, when there was considerable Chinese competition via Newchwang and the Peking-Mukden line, the South Manchuria Railway Company was prepared to offer concessions to foreign as well as Japanese firms. This has now ceased.

22. There is reason to believe that the extension to the Korean coast of the Kirin-Tunhua railway is actually already under construction and even approaching completion, and it is expected that one of the objects of this railway, apart from strategic considerations, will be to 'freeze out' the Eastern section of the Chinese Eastern Railway and the port of Vladivostok. The sale of the Southern section (Harbin-Changchun) of the same railway to Japan has been mentioned on more than one occasion during the past few months, though there is here no concrete evidence to show that the question has even reached the stage of negotiation. Without paying any attention to political considerations, however, it seems as if the South Manchuria Railway's position in Manchuria is likely to become more monopolistic than ever before, with a resultant increase in the Company's receipts, but also, conceivably, a general increase in freight rates which the merchant will be powerless to resist, unless Japanese business interests are sufficiently powerful to oppose them.

### *Control of Mines and Electrical Plant*

23. According to local information, the Mukden electric current was switched from the Chinese Power Station, and power is now supplied from Fushun. At Antung the current was switched from the Chinese station (which, in the opinion of my informant, was probably the better one) to the

Japanese. At Haicheng the current was switched from the Chinese station and power supplied from Anshan. Some similar arrangement is to be made at the Fuchow coal-mines in Fuchow Bay (just North of the Leased Territory).

24. With regard to mines, the Fuchow coal-mines were occupied by Japanese soldiery after September 18th, and since then the management of the mines has been taken over by Japanese management from Fushun, a staff of seven Japanese being employed there.

25. A reliable informant who passed through Dairen some weeks ago told me that he had travelled from Changchun with the Chinese Managing Director of the Kirin Mines. This gentleman said that he had been 'summoned' from Kirin to Changchun by the Japanese authorities where proposals were put to him which involved the virtual control by the Japanese of all the mining interests in the Kirin Province.

26. Since the formation of the State, however, it has become virtually impossible to accuse the Japanese of seizing railways, mines, &c., for the only reply which may be expected is that they are doing it 'at the request' of the new Manchurian Government. Nor is there, I imagine, much difficulty experienced in obtaining documentary proof in support of the truth of this statement. Thus the situation becomes almost farcical, for while everyone in Manchuria realizes what is actually happening, nobody is in a position publicly to expose the truth.

27. We may take it, therefore, that though Japan may have no territorial ambitions in Manchuria, she either intends to take, or has already taken, control of every possible industry or enterprise which she considers vital to her needs by the simple process of allowing herself to be 'requested' to do so by the puppet Government whose every movement is subject to her approval.

28. The Japanese is an incurable optimist and the success of the politico-military activity of the past eight months seems to have convinced many that little more remains to be done but reap the profits.

### *Japanese Investments*

29. Actually Japanese investment in Manchuria has not had a very happy history, and though it is fashionable to-day to attribute this entirely to the misrule of the Chinese, the sad fact remains that many of the enterprises undertaken were not economically sound.

30. It is, therefore, the more astonishing to read that Japan is prepared to plunge unlimited further millions into Manchurian enterprise, assured that Japanese control and Japanese knowledge will revolutionize the country and bring in an era of great prosperity.

31. Apart, however, from the question where the money is to come from at a time when Japan proper is facing a Budget deficit, there is the fact that whatever new enterprises may be undertaken, the assets will remain frozen for some years to come. New railways, new mines, new concessions, new factories and industries all cost money to bring into active being, and apart from the fact that returns from expenditure may not be anticipated for some

years to come, one cannot but wonder whether the relationship of all these enterprises to the question of supply and demand has received the consideration due to it.

### *Summary*

32. To summarize the situation: whatever political and strategic satisfaction Japan may derive from her achievements of the past few months, therefore, one cannot but question whether, economically, the results will justify her hopes. And there are signs that certain thinking Japanese entertain very grave misgivings as to the financial aspects of the situation and doubts as to whether reckless expenditure at this juncture may not bring about financial ruin rather than an economic millenium. But this only time can show.

33. Meanwhile, there has been a steady stream from Japan of leading merchants, bankers, industrialists, professors, scientists, experts, &c., to investigate, with typical Japanese energy, the possibilities for the future. The newspapers sound a perpetual note of optimism which is likely to cause a certain amount of disappointment later. There is stated to have been a marked increase in imports, which to a certain extent is borne out by the figures given in table 'B'.<sup>5</sup> But I have been told that much of this increase is due to dumping, while a good deal of it has been due to the marked increase in smuggling, which is reported from all sides.

### *Smuggling*<sup>6</sup>

34. His Majesty's Consul-General at Mukden has on more than one occasion reported on the wholesale smuggling which goes on over the border at Antung, and recently there have been indications that similar activities have been going on over the borders of the Leased Territory, mostly by junk, but also over the land borders. The chief articles smuggled are said to be kerosene oil, sugar and piece-goods, though doubtless other goods also evade duties. The situation has apparently become so acute that the Japanese Chamber of Commerce here has taken the matter up, while even the new Manchurian Government, visualizing the time when the Customs revenues will flow into its own pockets, is said to be growing alarmed. This Consulate recently approached the Maritime Customs and the Kwantung Government with reference to the alleged smuggling of Japanese sugar which rendered it impossible for the sugar of Messrs. Butterfield and Swire to compete.

35. In this connection it is interesting to remember that both in the Antung Railway Town and in the Leased Territory it is the Japanese authorities

<sup>5</sup> Not printed.

<sup>6</sup> In his telegram No. 182 of March 28 to the Foreign Office Sir F. Lindley reported that he had called the attention of the Japanese Minister for Foreign Affairs to the situation 'which was a crying scandal far removed from ordinary smuggling', and that the Minister had 'promised to look into it at once'. In his telegram No. 192 of April 15 Sir F. Lindley said he had reminded the Minister of his promise and that the latter had 'agreed that smuggling had become a scandal which must be stopped. A conference to consider measures to be taken would meet at Mukden.'



who, by agreement with China, are really responsible for the prevention of smuggling and who alone are in a position effectively to put a stop to it.

### *The Prospects for Non-Japanese Trade*

36. Finally, the foreign merchant asks himself what *his* prospects are likely to be as a result of the Japanese *coup*. And the outlook on the whole is not very encouraging.

37. The first obviously to lose their trade were those who supplied arsenals and furnished the machinery of war to the old régime. If the new Manchuria is to be supplied with arms, there can be no question as to who will supply them in the future.

38. More serious is the fact that now all Government departments, whether central or provincial, have Japanese 'advisers,' the railways, and at least some of the mines, have passed under Japanese control, and there is every reason to fear that in due course there will be no Chinese organization of importance which will be capable of independent buying. And it may be suspected that, as long as Japan is capable of supplying the material, replacement orders for rolling-stock, locomotives, rails, electrical plant, mining plant, &c., &c., will pass entirely into Japanese hands. Moreover, being, so to speak, first on the spot, Japan will probably have made every effort to perfect her marketing organization for other Japanese products so that the late-comer will find himself facing insuperable competition.

39. One can have few illusions about the future. But in justice it must be said that Japan's proximity to Manchuria, her cheaper production costs and her tendency as each year passes, more and more to manufacture what she had before to import from abroad, have given her an advantage which has led to the gradual diminution of European and American imports in comparison with Japanese. If Japan succeeds in developing the country to any considerable extent there probably will be occasional orders for foreign firms in the way of plant which she cannot supply. That these will be held up as proofs of the existence of the 'Open Door' is not improbable, but even the foreign orders will, one imagines, tend more and more to go through Japanese houses, and foreign trade with Manchuria will follow the lines of foreign trade with Japan.

40. But I find myself unable to visualize a Manchuria under Japanese control which will offer equal opportunities to all the nations of the world. There may be occasionally crumbs from the master's table, but one fears that they will grow fewer and become smaller as the years pass on.

M. E. DENING

*Memorandum by Mr. Roberts on the Sino-Japanese Dispute*

[F 3439/1/10]

FOREIGN OFFICE, April 12, 1932

*Reactions in various parts of China*

The most recent Consular reports<sup>1</sup> dealing with the period ending last February give a useful survey of Sino-Japanese relations as affected by the Manchurian and Shanghai crises. They show that anti-Japanese feeling varies considerably in different parts of China. Although a certain natural resentment is fairly widespread it would be an exaggeration of the truth to say that China is united against Japan.

*Lower Yangtse.* The anti-Japanese feeling is naturally strongest along the Yangtse valley and particularly in the neighbourhood of Shanghai. In the province of Chekiang the anti-Japanese boycott is widespread. Popular feeling was no doubt exasperated by the arrival of numerous refugees from Shanghai and by the bombing of Hangchow on February 26th and the Japanese Consul and his staff were forced to leave Ningpo in February. At Nanking there has been no incident since that of February 1st when shots were fired from Japanese warships and a Japanese hulk was looted by Chinese.<sup>2</sup> The Japanese Consul General has since received satisfaction from the Chinese for this incident and claims to have the situation well in hand. The situation is not, however, entirely satisfactory and the few British women and children who had not been evacuated were being concentrated at the premises of the International Export Company. At Hankow the boycott is being observed and the excessive protection of the Japanese concession and the attitude of individual Japanese might have led to a serious incident.<sup>3</sup> The Chinese authorities have, however, kept anti-Japanese agitation well within bounds, have curbed students and shown every intention of avoiding an incident.

*South China.* The situation in the South is somewhat surprising. There is naturally considerable sympathy expressed at Canton for the exploits of the 19th Army, for whom subscriptions have been raised locally. On the other hand, no reinforcements have been sent to Shanghai from Canton and correct relations have been maintained with the Japanese authorities. Any incidents, such as offensive publications in the local press, have been satisfactorily settled.<sup>4</sup> At Amoy there has been considerable tension and newspaper incidents have occurred but the Chinese authorities and the Japanese Consul General are maintaining close touch with a view to preventing any trouble. At Swatow there has been no further trouble since an incident in January last<sup>5</sup> which was satisfactorily settled after an ultimatum had been delivered by the Japanese Consul.

<sup>1</sup> A note on the filed copy here read: 'which are not being submitted in view of their bulk'.

<sup>2</sup> See Volume IX, Nos. 215, 242, 263-5, 293, 310.

<sup>3</sup> See *ibid.*, No. 281.

<sup>4</sup> See *ibid.*, No. 252.

<sup>5</sup> See *ibid.*, No. 252, note 1, and No. 329.

*North China.* In North China relations between the Chinese and Japanese have suffered remarkably little from recent events. In view of the critical situation which developed at Tientsin in November of last year<sup>6</sup> fears were expressed that a similar crisis might be provoked by events at Shanghai, and warnings were addressed to both the Japanese and Chinese authorities by the 'neutral' Consuls with a view to preventing trouble arising.<sup>7</sup> There is, however, no extreme anti-Japanese feeling at Tientsin and unfortunate incidents have been avoided. The only recent anti-Japanese riot in the North occurred at Wei-hai-wei on March 17th, but peace was soon restored and no further trouble is expected as there are few, if any, local Japanese residents. In Shantung there is remarkable harmony between the Japanese and Chinese. The Chinese populace at Tsingtao appeared delighted when the local headquarters of the Kuomintang were burnt by a Japanese mob. The head of the Municipal Government at Tsingtao and Han Fu-chu, Governor of Shantung, are determined to avoid any incident and there are strong indications that they have been bribed by the Japanese. Although Japanese trade in Shantung has suffered recently the Japanese are not molested and throughout North China the boycott is almost entirely non-existent or ineffective.

*Upper Yangtse.* At distant posts such as Ichang trouble has been avoided and the Chinese authorities have even gone out of their way to maintain specially cordial relations with the Japanese authorities although their attitude in this respect has hardly been popular. At Chungking there has been popular agitation demanding the despatch of Szechuan troops to resist the Japanese invaders at Shanghai, but the Szechuan authorities show no signs of wishing to create any trouble with the Japanese.

F. K. ROBERTS

<sup>6</sup> Cf. Volume VIII, Nos. 727, note 2, and 731, paragraph 4.

<sup>7</sup> See Volume IX, No. 585.

## No. 206

*Letter from Sir J. Pratt (Geneva) to Mr. Orde (Received April 16)*

[F 3475/1/10]

GENEVA, April 12, 1932

My dear Orde,

I enclose a copy of a communication from Drummond, dated April 9th,<sup>1</sup> enclosing records of two conversations with Sato and one with Wu.<sup>2</sup> Drummond also refers to the French reply to the recent communications from the Japanese Government regarding the Assembly Resolution of the 11th March.

<sup>1</sup> Not printed.

<sup>2</sup> Printed as enclosures 1, 2, and 3 respectively. Mr. Wu Kai-seng was Chinese Chargé d'Affaires at Berne and a representative at the League of Nations.

I believe Matsudaira made a similar communication to us. If there is any record of this conversation,<sup>3</sup> it would be a great convenience if you could send it out to Geneva.

I also enclose a copy of the record of a conversation yesterday between Dr. Yen and Drummond.<sup>4</sup> The question of Dr. Wellington Koo's entry into Manchuria is, I fear, going to give a good deal of trouble.<sup>5</sup>

Yours sincerely  
J. T. PRATT

ENCLOSURE I IN NO. 206

*Record of an interview between Sir E. Drummond and Mr. Sato on March 19*

GENEVA, March 19, 1932

I asked M. Sato to come and see me this morning.

1. I said to him that I was rather alarmed by some news which had reached me on the wireless last night. It was to the effect that although no official information had yet been received from Japan as to the armistice, it was stated semi-officially that the Japanese Government had given instructions to accept the three points provisionally agreed upon,<sup>6</sup> but that it attached a condition to its acceptance, viz., that a Conference should be summoned at once at Shanghai to deal with various questions, including that of boycotting, and that that Conference must begin before the total withdrawal of the Japanese troops took place. I remarked that this rather frightened me, because it seemed to me to be in contradiction with the terms of the Assembly resolution, and to introduce a political condition in regard to the withdrawal of the troops.

M. Sato said that he quite understood my pre-occupation. He himself had seen some news to the same effect in the local press, but he doubted whether it was true. The Japanese Government had, as a matter of fact, accepted the three points with some slight modification of the third.<sup>7</sup> It had waived the question of the separate note, and, in these circumstances, he did not believe that it would adopt what was clearly a political condition in regard to its acceptance of the armistice.

I thanked M. Sato for this information, which I sincerely hoped would be confirmed, as it would be a great relief to my mind. Otherwise, I should have to consult the President, and we might find ourselves in need of reconvening the Committee of Nineteen which clearly would be most undesirable at the present time.

2. I said that I would like to mention to him a somewhat delicate question, in a purely personal capacity, viz., the question of boycotting. Were the Japanese really wise in using this term so freely? In the ultimatum which the Japanese authorities had presented to the Mayor of Shanghai no mention

<sup>3</sup> See No. 161, note 8.

<sup>4</sup> Enclosure 4.

<sup>5</sup> Cf. enclosure 4. On April 10 the Chinese Ministry of Foreign Affairs had received a telegram from the Manchurian government refusing admittance to Dr. Koo.

<sup>6</sup> For the three points referred to, see No. 98.

<sup>7</sup> See No. 99.

was made of boycotting, but only of 'anti-Japanese movements'.<sup>8</sup> When boycotting was mentioned, the Chinese gave the immediate answer that they could not control the wishes of their nationals as regards the buying of foreign goods.

M. Sato said that he realised this but that the boycotting that Japan complained of was the encouragement given by the Chinese Government to Chinese nationals to prevent their buying Japanese goods.

I said that I understood, and if the Japanese would explain this point more fully, I thought that it would have certain advantages.

3. M. Sato said that he had received my letter<sup>9</sup> about the resolutions of the 30th September and the 10th December. He was rather puzzled to know how to reply. As these resolutions had been passed by the Council, could he not reply to the President of the Council, since the Japanese reserves as regards the application of Article 15 to Manchuria still existed?

I said to him that I had examined these reserves very carefully, but I felt—and I expected that he would probably agree—that the situation had been entirely changed by the unanimous adoption by the Assembly of the resolution of the 11th March. By that resolution the Assembly had declared itself competent to deal with the whole dispute. That resolution had been adopted unanimously, and the Japanese representatives had participated in its execution. If the Japanese representatives had opposed the resolution, the position would be different, but I did not think now that it was open to them to challenge it legally.

M. Sato said that personally he was inclined to agree, but he had asked for instructions from his Government as regards how the Manchurian question should be treated.

I said to him that I had had in mind for some days to ask the Japanese Government, in view of the Assembly resolution, to complete their statement on the dispute. Up to now they had only sent in a statement as regards Shanghai. The Chinese had dealt with the whole question, including Manchuria, and I thought that it was somewhat unfortunate that the Chinese case should alone be before the public. I had, therefore, thought of inviting him to send me an additional statement as regards the Manchurian aspect of the dispute; but I wished to wait a little time, as I had not thought that the moment had yet come. Of course, if the Japanese Government replied that they did not wish to send any such statement no one could compel them to make it, but this again would leave the Chinese in sole possession of the field.

M. Sato thanked me for my remarks, and said that he would give them very careful consideration.<sup>10</sup>

<sup>8</sup> See Volume IX, No. 143, enclosure 2.

<sup>9</sup> This letter of March 18 inviting the Japanese Government to inform the Committee of Nineteen of the measures they had taken, or expected to take, in order to carry into effect the Council's Resolutions of September 30 and December 10 is printed in *L/N.O.J.*, S.S. No. 101, p. 266.

<sup>10</sup> Cf. the Japanese communication of April 8, 1932, printed *ibid.*, pp. 266–72.

4. He explained to me at considerable length the hesitation which the Japanese Government felt as regards Manchuria being dealt with either in the Assembly or in the Committee of Nineteen.

I replied that I doubted whether this would, in fact, prove the case. It was true that the two parties had been asked for information as to how the two Council resolutions had been carried out; but I did not think that the Committee of Nineteen would wish to express any opinion on the substance of the Manchurian question until a report had been received from the Lytton Commission. Now, the Lytton Commission was to report to the Council, and he would see from the Assembly resolution that the Council were at liberty to examine these reports and to present them with any observations they thought fit to the Assembly. If, therefore, the Lytton reports were accompanied by recommendations, they could first of all be discussed by the Council, and if agreement were reached, the Council could so inform the Assembly. In my view, it was only if agreement was not reached that the Council would be compelled to transmit the reports, with such a statement, for the discussion of the substance of the matter by the Assembly.

E. D.

*M. Avenol:*<sup>11</sup>

ENCLOSURE 2 IN NO. 206

*Record of an Interview between Sir E. Drummond and Mr. Sato on March 21*

GENEVA, March 21, 1932

M. Sato came to see me this evening. He said to me that he had now received information from his Government that the fears which I had expressed to him the other day were ill-founded. The Japanese Government did not intend to make the question of the discussion of boycotting at the round table conference a condition for the withdrawal of the Japanese forces. Agreement as to the withdrawal was proceeding satisfactorily; in fact, he hoped that it was now a very short time before it would be definitely concluded. The Japanese Government wished to make one small alteration in the present terms, but he did not think that the change was of at all a vital character.

I thought it well to indicate the information which I had received about the agreement.

M. Sato seemed rather taken aback by my knowledge, and said that he had received strict instructions not to mention the terms to anyone in Geneva, but what I had told him was largely correct. There were two points on which the Japanese Government was not altogether happy—the first was the composition of the Chinese police force to take over the evacuated zone. The Japanese Government did not know enough about the police force to be sure that it was sufficiently reliable, and they thought that, in any case, there ought to be some neutral control of that force.

<sup>11</sup> Deputy Secretary-General of the League of Nations.

I said that I had understood that the policing of the zone by the Chinese police force would be controlled by the Mixed Commission.

M. Sato seemed doubtful if this were so, but we agreed that these were minor points, and could only be settled on the spot. He remarked that there was one question which gave rise to considerable anxiety on the part of his Government, viz., the convocation of the round table conference, at which they desired that the anti-Japanese movement should be discussed. His Government thought that once sufficient arrangements had been made for the withdrawal of the Japanese troops, and that these were in process of execution, it would be reasonable that the round table conference should be convoked for a given date.

I reminded him of the reserve made to the Council resolution of the 4th March by the Chinese representative, viz., that the armistice must be concluded and be executed before they could agree to take part in the round table conference. However, personally I thought that it would be perfectly reasonable, if the evacuation had sufficiently progressed and a final date for the withdrawal of the troops was foreseen, that the conference should be convoked either shortly before or shortly after that date.

M. Sato said that his Government feared that the Chinese Government, once the troops had been withdrawn, would make every kind of difficulty about the convocation of the conference, and would refuse to come to it on some pretext or other.

I observed that it seemed to me that, if the Chinese Government acted in this way, they would be failing to carry out the pledges they had undertaken vis-à-vis the Council and the Assembly. I could hardly believe that such would be their policy.

We then had some further conversation about procedure as regards the Manchurian situation, and I repeated to M. Sato what I had said before, warning him, however, that while I thought that the substance of my surmises would prove correct, there might, and probably would be alterations of detail.

E. D.

*MM. Avenol:*

*Sugimura:*<sup>12</sup>

ENCLOSURE 3 IN No. 206

*Record of an interview between Sir E. Drummond and Mr. Wu Kai-seng on April 9*

*GENEVA, April 9, 1932*

M. Wu Kaiseng came to see me this afternoon, and told me that his Government had summoned him to China to give a report on the situation. He would take about a month to get there, and he would be glad of any advice that I could give him as to what he should say to the Chinese Government. He said that the Delegation here, and he thought that the Chinese Government fully shared this view, was most anxious that the Manchurian

<sup>12</sup> An Under Secretary-General of the League of Nations, a Japanese subject.

and Shanghai questions should be treated as a whole. The truth was that the present violent boycott of Japanese goods was due to the occupation of Chinese territory by Japanese troops, and once this ceased, boycotting would cease automatically. They therefore hoped that the League would treat the two matters inter-dependently.

I replied that I quite understood this point of view. It seemed to me, however, that there were two different aspects of the case—the first was the general aspect, which included the question of boycotting. Here, I quite understood that such questions which involved the general relationship between China and Japan could not be treated independently of the Manchurian aspect of the problem. But there was also at Shanghai a local problem which amounted in fact to the question of the security of Japanese troops and the lives of Japanese inhabitants at Shanghai and in the International Settlement. It seemed that this latter, and purely local, side of the Shanghai dispute might well be settled apart from the main political problems, and could be treated in connection with the conclusion of the armistice which we were all anxious to see effected.

M. Wu said that he would certainly transmit this information to his Government when he saw the Minister for Foreign Affairs.

I expressed the hope that when he arrived perhaps the Shanghai side would already have been settled.

M. Wu said that his Government was very grateful for all that the League had done for China, particularly as regards administrative co-operation. He hoped that this would continue. He also expressed great appreciation of the resolution passed by the Assembly. In conclusion he said that he trusted that I would come to China before too long.

I thanked him for the invitation, and said that I had always looked forward to visiting China at some future date.

E. D.

*M. Avenol:*

*M. Vigier:*<sup>13</sup>

#### ENCLOSURE 4 IN NO. 206

*Record of an interview between Sir E. Drummond and Dr. Yen on April 11*

GENEVA, April 11, 1932

Dr. Yen came to see me this morning, and left with me the attached paper<sup>14</sup> (treated separately). He explained the position of the negotiations at the present time, and said that the Japanese attitude was now that they were ready to make a declaration that they would withdraw their troops to the Settlement as soon as normal conditions had been established, which they hoped would happen within six months, or before. Such a condition was clearly unacceptable to the Chinese Government because it was the Japanese who were to judge of when conditions were normal, and, secondly, because

<sup>13</sup> A French member of the Political Section of the League of Nations Secretariat.

<sup>14</sup> Not attached to filed copy.



there was nothing but a hope expressed on the Japanese side. In these circumstances, the Chinese Government had felt bound to ask that the Committee of Nineteen should meet at an early date.

I said to him that I should be rather grateful if he could tell me what the position was as regards the Round Table Conference. Did not the withdrawal and the Round Table Conference somewhat hang together? Were the Chinese for instance prepared to discuss at the Round Table Conference the security of the lives of Japanese inhabitants of the Settlement?

Dr. Yen replied that nothing had been said about the Round Table Conference in the negotiations. The proposal for the Conference had come from the Powers, and China expected the Powers to provide a draft agenda which would be submitted to them for approval; but clearly the safety of inhabitants would be a thing which could be discussed. However, what was happening now was that the Japanese were utilising the same methods in Shanghai as they had adopted in Manchuria, and to this the Chinese Government could not agree.

I said to him that I was a little alarmed by his request for a very early meeting of the Committee of Nineteen. What was the present position? As I understood it, the Great Powers were still making every effort to bring the negotiations to a successful issue, and I had not received any information from them that a complete deadlock had been reached. If it were known that the Chinese Government had decided to raise the whole question at Geneva, would not this give an excuse to the representatives of the Great Powers to cease their efforts, which up to now had been most valuable?

Dr. Yen said that he saw this point, but, as a matter of fact, a deadlock had been reached, and any further meetings were useless. But, in view of what I had said, he would suggest another meeting at Shanghai, and he was not at all desirous that the Committee of Nineteen should meet till towards the end of the present week.

We then had some discussion about the position as regards the refusal of the Manchurian Government to allow Dr. Wellington Koo to proceed to Manchuria with the Lytton Commission.

I said to him that I thought that it would be much better to allow this question to be treated by the Lytton Commission. Lord Lytton had taken up a very strong line on the subject, and he had said that if this permission was refused to Dr. Wellington Koo, he would have to refer the whole question back to Geneva;<sup>15</sup> but, until he did so, I thought that it would be a grave mistake for the Chinese Government to raise the question. If such a report were sent here, the Council would as far as I could see be faced with the three possibilities:—

(1) To advise the Commission to proceed to Manchuria without either of the assessors. Such a course would probably require the assent of the Chinese and Japanese representatives, since it might be held to be a derogation from the original Council resolution, by which the Commission was constituted.

<sup>15</sup> Cf. *L.N.O.J.*, S.S. No. 101, p. 209.

(2) The Commission would refuse to proceed to Manchuria at all; but this would, to my mind, be a very serious matter, and could not really be in any way helpful to a final settlement of the dispute.

(3) That the Council should insist with the Manchurian Government to allow Dr. Wellington Koo to proceed. This last idea would, I thought, be most repugnant since it would be a recognition to a considerable extent of the Manchurian Government as *de facto* power.

Therefore, if the question did come before the Council, I should hope for the first solution. But I still trusted that the Lytton Commission might be able to settle it itself in a satisfactory manner.

E. D.

## CHAPTER III

# Successful conclusion of the negotiations for the withdrawal of Japanese forces from the Shanghai area

April 13–May 5, 1932

No. 207

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 13, 9.30 a.m.)*  
*No. 190 Telegraphic [F 3397/1/10]*

TOKYO, April 13, 1932, 12.5 p.m.

I questioned Vice Minister for Foreign Affairs last night about exclusion of Koo from Manchuria. Vice Minister for Foreign Affairs replied that Manchurian Government did not seem to have considered the implication of their ill advised action.<sup>1</sup> Within the railway zone Japanese Government through their troops were alone responsible for law and order and he could not imagine any difficulties would be put in the way of Koo or that he could not be protected. Even outside railway zone Japanese troops were present with the object of protecting lives and property and would be expected to perform their task.

Vice Minister for Foreign Affairs added that Japanese Government had addressed an enquiry to Manchurian Government and expected an answer this evening. I will endeavour to report again tomorrow.<sup>2</sup>

Repeated to Peking for Shanghai.

<sup>1</sup> See No. 206, note 5.

<sup>2</sup> See No. 218 below. Mr. Holman's Peking telegram No. 100 of April 13 to Sir M. Lampson (Shanghai), repeated as No. 194 to the Foreign Office, said that he understood from the Lytton Commission that they did not intend to pay any attention to the Manchurian Government's telegram. Mr. Holman's further telegram, No. 195 of April 13 to the Foreign Office (received 9 p.m.), repeated Nanking telegram No. 199 of April 12 to Peking reporting that the Chinese Chargé d'Affaires at Tokyo had been instructed to tell the Japanese Government that if Dr. Koo were not allowed complete freedom of action or if there were any incident, the whole responsibility would rest with the Japanese Government.

No. 208

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*  
*No. 28 Telegraphic [F 3431/1/10]*

GENEVA, April 13, 1932, 5.42 p.m.<sup>1</sup>

Your telegram No. 276 to Foreign Office.<sup>2</sup>

I<sup>3</sup> approve your attitude and instructions you have given to Mr. Holman. Lord Lytton should not take copies of any official reports but he should be allowed free access, for his own personal and confidential use, to any reports etc. likely to be of value to the commission either as indicating sources of information or as furnishing a check on information received from other sources. No official reports however should be quoted or referred to by commission and no British official should give formal evidence though Lord Lytton will be able to have advantage of their advice as to sources of information. If Lord Lytton asks for further information you may feel able at your personal discretion to furnish him with a memorandum for his personal and confidential use.

Repeated to Foreign Office No. 152.

<sup>1</sup> Time of repetition as No. 152 L.N. to the Foreign Office (received at 5.45 p.m. on April 13).

<sup>2</sup> No. 197.

<sup>3</sup> i.e. Sir J. Simon. The ensuing instructions were in accordance with suggestions made in Foreign Office telegram No. 339 L.N. to Geneva of 2.20 p.m. on April 12.

No. 209

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*  
*Nos. 29 and 30 Telegraphic [F 3432/1/10]*

GENEVA, April 13, 1932, 6.25 p.m.<sup>1</sup>

Following from Mr. Cadogan:

At yesterday's Council meeting<sup>2</sup> the President read communication from Lord Lytton recalling that at Council meeting held on November 21st last Italian representative stated on behalf of his government that 'it would place at disposal of the Commission all facilities it possessed on the spot and that all Italians on the spot would contribute towards the enquiry' and expressing the hope that other members of the Council would desire similarly to facilitate the Commission's task and send necessary instructions to Peking and to consulates in Manchuria.

The President said that the French Government had already taken the necessary steps and in the absence of any observation to the contrary he assumed that other members would do likewise.

<sup>1</sup> Time of repetition as Nos. 153-4 L.N. to the Foreign Office (received at 6.40 p.m. on April 13).

<sup>2</sup> For the official record of the proceedings of the Council of the League of Nations summarized below, see *L/N.O.J.*, May 1932, pp. 1020-1.

British officials on the spot should afford committee all reasonable facilities but as regards furnishing information and giving formal evidence I must adhere to definition given in my telegram No. 28 L.N. of extent of facilities that should be granted.<sup>1</sup>

Repeated to Foreign Office.

<sup>1</sup> No. 208. Geneva telegram No. 40 Saving of April 29 to the Foreign Office (addressed to Shanghai as telegram No. 41) referred to Geneva telegrams Nos. 28, 29, and 30 to Shanghai and said that Sir J. Simon saw 'no objection to these instructions being interpreted in the sense of allowing Lord Lytton to use at his discretion the information which Consuls and other British officials may give him, thus bringing our [H.M.G.'s] action strictly in line with that of United States'.

## No. 210

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 79<sup>1</sup> Telegraphic: by wireless [F 3437/1/10]*

SHANGHAI, April 13, 1932

Geneva telegram No. 27.<sup>2</sup>

My immediately preceding telegram gives text of identic message despatched today by American, French and Italian representatives and myself.<sup>3</sup>

2. We have agreed to await result of Saturday's<sup>4</sup> proceedings at Geneva before deciding upon our movements—so I should be much obliged if I could receive earliest account of proceedings.

3. I feel very strongly that the sooner these negotiations can be wound up the better from every point of view, including both Chinese, Japanese and ourselves.

<sup>1</sup> Repeated by wireless as No. 284 Tour to the Foreign Office (received at 10 a.m. on April 14).

<sup>2</sup> No. 203.

<sup>3</sup> This telegram, received in the Foreign Office at 7.15 p.m. on April 13, is not printed. The identic message (cf. *F.R.U.S. 1932*, vol. iii, p. 690) set out the 'impasse' reached in the negotiations at Shanghai. One difficulty was the Japanese demand that 'Chinese define their positions south of Suchow Creek and east of Wangpu river': the foreign representatives felt that the 'Japanese should not press this point'. The 'main difficulty' was the Chinese insistence on 'a clearly defined time limit' for Japanese withdrawal. The last two paragraphs of the message (as transmitted in Shanghai telegram No. 283 to the Foreign Office) read: '5. Foreign representatives feel they have done all they can to bring the two sides together and that if any agreement is to be reached China should either accept the above declaration [see No. 192] or else sign agreement as it stands relying on definite undertaking in regard to withdrawal contained in first sentence of Article 3 [of League of Nations Resolution of March 4].

'6. Foreign representatives submit that Assembly might help towards speedy conclusion of agreement as already drafted if Assembly were to record a pronouncement that they have noted results so far obtained in the negotiations carried on in accordance with resolution of March 4th and that they interpret first sentence of Article 3 as clearly meaning that Japanese Government thereby undertake to complete at an early date withdrawal of Japanese troops.'

<sup>4</sup> April 16.

4. If I were in China's place I should at once sign the draft agreement as it stands, cut out all further idea of a Japanese declaration and myself issue such interpretation of Art. 3 as the exigencies of the domestic political situation demand. But this would mean the dropping of the insistence on a defined time limit. I feel China would be well advised to risk that—nor will she ever get it: if she goes on insisting she risks losing very definite and valuable Japanese commitment in sentence one of Art. 3, all of which I have repeatedly pointed out to Kuo.

Repeated to Foreign Office, Peking, Mission and Tokyo.

## No. 211

*Sir R. Vansittart to Mr. Patteson (Geneva)*

*No. 8 Saving. Telegraphic [F 3362/451/10]*

FOREIGN OFFICE, *April 13, 1932*

Following for Secretary of State.  
Manchuria.

Note sent to you by bag yesterday<sup>1</sup> was communicated by United States Chargé d'Affaires on April 11th [12th]. He said nothing to clear up the confusion of thought which it exhibits, or to explain what the real aim of the United States Government is. It is to be expected that Mr. Stimson will discuss the subject with you.

Whether that aim is to protect foreign interests, material or general (e.g. the sanctity of treaties), to fulfil a supposed obligation under the Nine Power Treaty actively to defend the integrity of China, to avoid the criticism that the dismemberment of China is being connived at, or merely to define a legal position (already one would suppose, sufficiently defined by the United States note of January 7th and the Assembly Resolution of March 11th), it is difficult to see how it will be furthered by the suggested pronouncement.

As regards the Customs, United States Government adopt the same unpractical attitude as the Chinese Government, and, for purely theoretical reasons, oppose the only practical step, viz. a compromise between the Chinese and Manchurian Governments, which might preserve the unity of the Customs Administration. In view, however, of Sir M. Lampson's telegram No. 273,<sup>2</sup> there seems now nothing to be gained by pursuing this point.

If United States Government mean that the independence of Manchuria *per se* would conflict with the views, policies, rights and interests of other Powers, and with the League Resolutions, they seem to go beyond the facts. As regards Japanese responsibility for the secession of Manchuria, they bring forward no evidence, and, while we and the United States Government may have our own opinions, conclusive evidence would seem to be necessary to

<sup>1</sup> See No. 198, note 7.

<sup>2</sup> No. 194.

justify going further than the Assembly Resolution of March 11th until the Lytton Commission has reported. In so far as the Manchurian movement may be spontaneous, it is difficult to see any ground for objection, and it is difficult to criticise actions of the Manchurian Government in the Customs question, since they have shown a reasonable attitude which takes account of foreign interests; the threat to those interests arises from the attitude of the Chinese Government, which the United States Government actually share.

Unless Mr. Stimson puts a more convincing case before you, I am inclined to suggest that the answer should be that, with every desire to co-operate with the United States Government, you would suggest that in our view, the legal position has already been defined so far as it is possible or advisable to define it at this stage, and that no cause for protests on material grounds exists until our material interests can be shown to have been actually threatened. There seems accordingly to be some danger that a public pronouncement might do no good. It might, indeed, appear undignified and result in nothing but a rebuff to its authors.

While for the above reasons we obviously cannot agree in principle, it may nevertheless be politic to invite Mr. Stimson to submit his proposed draft for consideration.<sup>3</sup>

<sup>3</sup> Sir J. Pratt minuted: 'I have only three observations to add to the observations in Foreign Office telegram No. 8 attached hereto.

- (1) I totally disagree with the statement on the penultimate page of the United States Aid Memoir [*sic*], to the effect that the "preservation of the integrity of the Chinese maritime revenue is a more important objective than the preservation of the integrity of machinery for its collection." It matters very little to us which of the various contending factions in China, calling themselves governments, enjoy the revenue. What is really of great importance from the point of view of foreign commerce is that there should be one Customs administration throughout China administering a uniform set of regulations and collecting duties at a uniform rate. The splitting up of China into different tariff areas would be as disastrous as the similar development in Central Europe.
- (2) The passage immediately above the statement just referred to shows that fundamentally the State Department is in general agreement with our thesis that if any action is taken it should be more broad and should be directed towards the preservation of the integrity of the Chinese states [*sic*].
- (3) At the private meeting of the Assembly Committee on March 17th [cf. No. 106] the Spanish delegate attempted to get the Committee to express misgivings regarding the newly established government in Manchuria but this was resisted by several members including the British delegate on the ground that this question must be dealt with by the Lytton Commission and that nothing should be done until that Commission had reported.

J. T. Pratt

*Geneva April 15, 1932'*

No. 212

*Letter from Sir J. Simon (Geneva) to Sir E. Drummond<sup>1</sup>*

[F 3476/1/10]

*Copy*

GENEVA, April 13, 1932

My dear Drummond,

I have just been reading the record of your interview with Dr. Yen<sup>2</sup> and there is one point in Dr. Yen's statement to you which puzzles me considerably. He told you of the Japanese offer to make a declaration that they would withdraw their troops to the Settlement as soon as normal conditions had been established, which they hoped would happen in six months or before, but he went on to say that such a condition was 'clearly unacceptable to the Chinese Government'. Yet I learn from Lampson<sup>3</sup> that in these discussions [*sic*] the Chinese Delegate himself proposed a formula for the Japanese declaration which ended with the words: 'it being expected that such withdrawal will be completed within a period of four months or sooner, during which period normal conditions in and around Shanghai will have been established.'

As the only point of material difference in these two formulas is the difference between four months and six months, it surely seems very unfortunate that this should be elevated into a question of principle, requiring the summoning of the Committee of Nineteen, with all the consequent propaganda and press agitation. The four great Powers at Shanghai undertook to do their utmost to bring about a settlement and their representatives there have exerted themselves in every way possible to secure it. It does seem to me rather unfortunate that the Chinese representative here should, on an *ex parte* statement which, as far as I know, none of the great Powers were asked to check, procure a meeting of the Nineteen whenever he likes. I appreciate your own difficulties, but I sympathise very much with Lampson who has telegraphed to me to ask if I can tell him what is passing at Geneva about the Shanghai negotiations.<sup>4</sup> He is leaving Shanghai as, in the circumstances, he can be of no further use there.

J. SIMON

<sup>1</sup> A copy of this letter was received in the Foreign Office on April 18 under cover of a letter of even date from Sir J. Pratt to Mr. Orde.

<sup>2</sup> See No. 206, enclosure 4.

<sup>3</sup> See No. 192.

<sup>4</sup> See No. 201.



No. 213

*Sir R. Vansittart to Sir M. Lampson (Shanghai)*

*No. 59 Tour. Telegraphic [F 3440/1/10]*

*Most immediate*

FOREIGN OFFICE, *April 14, 1932, 1 p.m.*

Your telegram No. 255<sup>1</sup> (of April 3rd. Reduction of British forces in Shanghai).

War Office have received a telegram from Hongkong stating that you agree that one battalion might now be withdrawn. Is this correct?

<sup>1</sup> See No. 165, note 2.

No. 214

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 14, 4.40 p.m.)*

*No. 286 Tour. Telegraphic: by wireless [F 3449/451/10]*

My telegram No. 273.<sup>1</sup>

SHANGHAI, *April 14, 1932*

*Confidential.*

Inspector General of Customs who has been working privately in close association with the Chinese banks (who are heavily interested in loans secured on customs) informs me something like informal understanding has been reached which he hopes may prevent breaking up of customs in Manchuria.

2. The idea is that if revenue is to be seized it will be from the collecting banks (Bank of China) and not from Commissioners of Customs, see my telegram 311 to Mr. Ingram.<sup>2</sup>

If revenue is handed over under force majeure Inspectorate, while nominally holding banks responsible, will take no action against them. Inspector General of Customs states Minister of Finance has been induced to agree to this and he believes it may prevent active interference with the Customs Administration by the Manchurian authorities (understand that the Bank of China has been taking soundings on their own in Manchuria as to prospects of some such arrangement).<sup>3</sup>

<sup>1</sup> No. 194.

<sup>2</sup> See *ibid.*, note 3.

<sup>3</sup> In Newchwang telegram No. 5 of April 15 to Peking (repeated to the Foreign Office in Peking telegram No. 199 of April 16) Mr. Bristow said: 'Commissioner of Customs informs me that on April 13th representative at Changchun of Ministry of Finance together with Japanese central superintendent of Customs and manager of Bank of China brought him the instructions of Manchurian Government that no revenues were to be transferred to Shanghai or cheques honoured unless approved by superintendent of Customs. Commissioner replied that he must refer to Inspector General of Customs. To-day he received from superintendent's office a letter to the effect that he had agreed to the above procedure.'

3. The question of Manchurian contribution to service of loans and indemnities would not be settled by this arrangement but Inspector General of Customs points out that the Dairen revenue (which cannot be interfered with without Japan's consent)<sup>4</sup> if received intact would provide for the Manchurian share of the indemnities and *foreign* loans (though not for administrative expenses of all Manchurian customs as well).

Repeated to Peking, Mission and Tokyo.

<sup>4</sup> Cf. No. 178, paragraph 11.

## No. 215

*Sir J. Simon to Sir F. Lindley (Tokyo)*

*No. 283 [F 3458/1/10]*

FOREIGN OFFICE, *April 14, 1932*

Sir,

Hearing that I was back at the Foreign Office for the day from Geneva, the Japanese Ambassador called to enquire whether I could tell him what was likely to take place at the Assembly Committee of Nineteen which is meeting on Saturday<sup>1</sup> at the request of Dr. Yen. I told Mr. Matsudaira that I understood from Sir Eric Drummond that Dr. Yen wished, on behalf of the Chinese Government, to complain of the failure to reach agreement at Shanghai and at the character of the terms which Japan was putting forward. Dr. Yen, I thought, would contend that proposals for the withdrawal of Japanese troops after so many months if the situation had in the meantime been cleared up, really amounted to Japan claiming to be the judge as to when her troops should withdraw. On the other hand, I understood that agreement had been very nearly reached, and it had almost come down to a dispute as between six months and four months. I told the Ambassador that I had seen his colleague from Paris, Mr. Nagaoka, at Geneva yesterday, and had gathered that the real difficulty, as he suspected, was that the Chinese Government did not like to take its courage in both hands and sign any terms.

Mr. Matsudaira observed that a settlement about Shanghai became very difficult if the matter was to be referred from those who were considering it on the spot back to Geneva in this way. I agreed with him and added that it was difficult to see how Sir Miles Lampson and his colleagues could help to bring about a settlement under such conditions. I enquired of the Ambassador whether Japan had considered meeting the complaints which were likely to be made at Geneva on Saturday by saying boldly that as the dispute was really only about the difference between six months and four months in a formula which had been bandied about for so long, Japan, in order to prove that she was not the obstructive party, would accept four months and be done with it. Would not this help to bring about a speedy agreement as regards Shanghai, which, I was sure, was very much in Japan's interests, and

<sup>1</sup> April 16.

at the same time put pressure upon China to sign, or if not at any rate make clear who was responsible for the breakdown? Britain had no other object than to get a fair arrangement adopted without more delay and we looked to Japan to assist in this. Mr. Matsudaira had heard of this suggestion from Mr. Nagaoka (to whom I mentioned it yesterday) and told me a telegram had been sent to Tokyo about it.

Mr. Matsudaira said that he did not intend himself to reach Geneva for Saturday's meeting as Mr. Nagaoka and Mr. Sato would be available, but he was likely to go to Geneva next week.

I took the opportunity of asking Mr. Matsudaira what was his view about the refusal of the Manchurian Government to admit Dr. Wellington Koo as an assessor with the Lytton Commission, and told him that we had a message from Tokyo to the effect that the Vice-Minister for Foreign Affairs had expressed the view that this decision was ill-advised and had been arrived at without considering its consequences.<sup>2</sup> Mr. Matsudaira told me that the Japanese Government was making representations to the Manchurian authorities, urging that Dr. Koo should be admitted, and that the Japanese military authorities in Manchuria were taking the same attitude. It was not, he said, the fact that the Japanese controlled the Manchurian authorities and could make them do whatever it liked, but they were offering advice in the sense indicated.

I am, &c.,

(for the Secretary of State)

C. W. ORDE

<sup>2</sup> See No. 207.

## No. 216

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 18)*

*No. 205 [F 4236/1/10]*

*Confidential*

TOKYO, April 14, 1932

Sir,

Since my despatch No. 151<sup>1</sup> Confidential of the 21st ultimo, was written, the pacification of Manchuria seems, from the reports appearing in the Press, to have made less progress than could reasonably have been expected.

General Ma, the hero of the Nonni River,<sup>2</sup> whose adhesion to the Japanese was hailed as a triumph of enlightened patriotism, has, so Captain Legge<sup>3</sup> learns confidentially from the Naval General Staff, disappeared into the blue. The Manchurian Government have, in short, lost touch of their new Minister of War; and it looks to-day as if he had found refuge with the Soviets. For the 'Japan Times' of this evening reports in the cryptic style necessitated by the censorship 'the recent disappearance of a certain leader who is supposed to have proceeded in a certain direction.'

<sup>1</sup> No. 125.      <sup>2</sup> Cf. Volume VIII, No. 734.

<sup>3</sup> Naval Attaché to H.M. Embassy at Tokyo.

2. Although there have been serious disorders in the Chientao and other districts, these have been put into the shade by the blowing up of a troop train on the Chinese Eastern Railway about fifteen miles from Harbin on the 12th instant.<sup>4</sup> The official Japanese report gives the casualties as two officers and twelve men killed and over fifty wounded; and all the accounts of the accident which have appeared in the Press describe it as being evidently the work, not of brigands, but of men with knowledge of the use of dynamite and electrical appliances. Since such persons are rare amongst the natives, there is no hesitation in ascribing the outrage to Soviet agents one of whom is reported, possibly erroneously, to have been arrested. Other plots for blowing up bridges, for engineering an outbreak at Harbin and for aiding the anti-Kirin forces, as the insurgents are called, are also being laid to the door of the Soviets, who seem to have succeeded in sending considerable quantities of Chinese Eastern Railway rolling stock into Siberia before the Japanese secured control of the railway.

3. It is quite possible, and indeed probable, that the reports indicated above are grossly exaggerated if not entirely invented; but I am bound to say that there is a general impression amongst sober observers that the Bolsheviks have lately embarked on a new policy of pinpricks and obstruction in Manchuria. If this impression is correct, it may be explained either by Soviet annoyance at Japanese interference with the Chinese Eastern Railway or by the fact that there are now, if the latest information furnished by the Japanese General Staff confidentially to Colonel Simson<sup>5</sup> is correct, no less than 250,000 Soviet troops in the Far East as against 60,000 last September. Probably the combination of these two developments is the true explanation.

4. While we have reason to believe that the Soviets are most anxious to avoid becoming embroiled in the Far East and while the Japanese certainly have not up to now contemplated hostilities with them, I am bound to admit that I am becoming uneasy at the turn events have taken during the past month. The arrogance of the Japanese military is such that, if they become convinced that the Russians mean to harass them in Manchuria, they are capable of forcing the issue. In such an event I should be sorry to prophesy

<sup>4</sup> A telegraphic report of this incident was received in the Foreign Office on April 18 in Peking telegram No. 197 of April 16 (not preserved in Foreign Office archives) which, according to the docket, repeated Harbin telegram No. 47 of April 13 to Sir M. Lampson at Shanghai reporting the incident. (Cf. *F.R.U.S.* 1932, vol. iii, pp. 692-3.) In a letter of April 24 to Mr. Lyall (Assessor to the League of Nations Advisory Committee on Traffic in Opium and other Dangerous Drugs), who communicated a copy to the Foreign Office (received on May 17: F 4197/1/10), Mr. Prettejohn, Commissioner of Customs at Harbin, wrote: 'the Russians are collecting all the scattered Chinese soldiers and are organizing them, and they are quite useful under foreign control and they have already done a lot of harm. . . . A Japanese military train full of soldiers was blown up the other day with great loss of life, the Japs retaliated by arresting over a hundred Bolsheviks in Harbin, now the line is cut again and I am convinced that the Russians will go on and this summer is going to be quite amusing, in the end I think it is bound to come to war between Russia and Japan.'

<sup>5</sup> Military Attaché to H.M. Embassy at Tokyo.

what the Soviets would do. There are many alternatives, of which the most probable is, perhaps, acceptance of a rebuff coupled with promises of good behaviour in the future. But it is at least possible that the Soviets, with the strength which they have quietly built up in the Far East, might think the moment was ripe for a great world-revolutionary move. The temptation to come out as the champions of the toiling millions of China against the Militarist Japanese and the Imperialist League of Nations, led by Great Britain, must be extraordinarily strong to Bolshevik mentality. But these are mere speculations. What is not a speculation is that the Japanese General Staff, and wide circles outside the Army, are convinced that, sooner or later, there will be a second Russo-Japanese campaign in Manchuria. Such a state of mind is not reassuring.

I have, &c.,  
F. O. LINDLEY

No. 217

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 18)*<sup>1</sup>

No. 5 O.T.A. [F 4247/2362/10]

TOKYO, April 14, 1932

Sir,

With reference to my despatch No. 4 of the 1st instant, and previous despatches, in this series,<sup>2</sup> I have the honour to forward herewith summaries<sup>3</sup> of reports that have appeared in the Japanese press between March 31st and April 10th regarding expected economic developments in Manchuria.

2. Mention is made in the enclosed summaries of two proposed developments of more than ordinary interest, namely a loan of twenty million yen to the new Manchurian government on the security of revenues from the salt tax, and an official emigration project providing for the settlement in Manchuria of 800,000 Japanese in the course of the next twelve years.

3. Negotiations for the loan have not yet been concluded. The terms mentioned are interest at 5 per cent per annum and redemption by instalments over five years from the date of issue. To avoid the appearance of a loan by the Japanese Government itself, which might be taken to imply recognition of the new Manchurian State by Japan, it is proposed that the loan be made by the Mitsui and Mitsubishi Companies through the Bank of Korea.<sup>4</sup> I understand that some time ago an appeal was made by the Japanese Minister of War, at a meeting with the leading Japanese financiers, for

<sup>1</sup> This despatch was received in the Foreign Office through the Department of Overseas Trade.

<sup>2</sup> Not printed; see No. 204, enclosure 1.

<sup>3</sup> Not printed.

<sup>4</sup> Telegram No. 76 of April 28 from Sir R. Vansittart to Sir F. Lindley (not printed), mentioned that news of the loan had been published in *The Times* of April 4, and added: 'British consortium group [see Volume VIII, pp. 162-3] in answer to enquiry have received an evasive reply indicating that loan is a private one from heads of Iwasaki and Mitsui families and not connected with the banks. Please make enquiry as to facts.'

funds to assist economic development in Manchuria, in order that the fruits of the Japanese military victory there might not be lost to the Japanese people. There are many indications that the military party in Japan is endeavouring to arrange that Manchuria shall not be exploited by Japanese capitalists for their own aggrandisement, but developed in such a way that people of small means may benefit, as settlers and traders, in the new territory. This appears to be a part of the recent fascist, or anti-capitalist and anti-politician, movement that has developed among the Japanese military class, and in this connection I have the honour to invite attention to the last paragraph of a despatch No. 31<sup>5</sup> of the 6th instant from His Majesty's Consul-General at Osaka to the Department of Overseas Trade, in which Mr. White states that there is an impression in Osaka that new industries in Manchuria would be subject to restrictions, e.g. limitation of dividends, imposed at the behest of the Japanese military authorities. Mr. White writes that it is not clear what was the meaning of the reported restrictions. The explanation lies in the anti-capitalist attitude of the military above-mentioned. According to reports in the Japanese press, the revenue from the salt tax in Manchuria is sufficient to cover the interest on the proposed loan of twenty million yen in addition to the interest on other foreign loans secured on the salt tax.

4. Further evidence of the desire of the Japanese military to secure development of Manchuria on socialistic and not on capitalist lines appears in the reports concerning the emigration project, which state that consideration is to be given to the claims of ex-soldiers. It is well known, of course, that the Japanese agricultural settler in Manchuria cannot compete, on equal terms, with the Chinese, or the Korean farmer, whose standard of living is much lower; but he may be able to hold his own if he has the benefit of the official financial aids proposed as part of the emigration scheme. It remains to be seen whether the necessary funds will be voted by the Japanese Diet. In the present state of government finance in Japan this would seem to be difficult. Even if the project succeeds, it will go only a very little way to relieve the pressure of population in Japan Proper; it will however do something to relieve distress among the agricultural community, which, in the northern Prefectures, is at present severe. But the project, if successful in the beginning, may grow, and even a small number of Japanese settlers, especially if they are of the ex-soldier class, will be useful to Japan in her attempt to maintain law and order in Manchuria.<sup>6</sup>

<sup>5</sup> Not printed.

<sup>6</sup> Sir F. Lindley's despatch No. 217 of April 22 to the Foreign Office (received May 23) enclosed a copy of despatch No. 45 of April 11 from Mr. Dening, who referred to the arrival in Manchuria of 'a considerable number of Japanese of the vagabond type'. Sir F. Lindley remarked that 'there seems to be an inexhaustible supply of individuals of this type in the home country where they are, to some extent, kept in order by public opinion and the vigilance of the police. On this account they are more apt than other Japanese to expatriate themselves and comparatively large numbers are always to be found in the Treaty ports of China where they bring the Japanese name into the greatest disrepute. It is to be hoped that our "idealist" militarists who intend to turn Manchuria into a paradise for all the inhabitants of whatever race or creed will know how to deal with this undesirable element.'

Copies of the enclosures are being sent to the Commercial Secretaries at Peking and Harbin, and to the Consular officers at Dairen and Mukden.

I have, &c.,

F. O. LINDLEY

#### No. 218

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 15, 1.45 p.m.)*

*No. 193 Telegraphic [F 3469/1/10]*

TOKYO, April 15, 1932, 7.20 p.m.

My telegram No. 190<sup>1</sup> to Foreign Office.

Minister for Foreign Affairs assured me to-day that he was doing everything possible to persuade Manchurian Government to withdraw opposition to entry of Koo and that he had supported Minister of War. Nevertheless he was not sure he would succeed as a question of face was involved. If he failed Commission might have to enter by Dairen instead of Shanhaikuan.

Repeated to Shanghai, Peking.

<sup>1</sup> No. 207.

#### No. 219

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 15, 1.45 p.m.)*

*No. 191 Telegraphic [F 3464/451/10]*

TOKYO, April 15, 1932, 7.30 p.m.

My telegram No. 187.<sup>1</sup>

Minister for Foreign Affairs again today reiterated his firm intention of doing nothing to impair the integrity of the Customs. If Chinese government refused to compromise he hoped it might be possible to carry on without any agreement on lines described in last sentence of Sir M. Lampson's telegram No. 273.<sup>2</sup>

Repeated to Shanghai.

<sup>1</sup> No. 173.

<sup>2</sup> No. 194.

#### No. 220

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 15, 11.30 a.m.)*

*No. 287 Tour. Telegraphic: by wireless [F 3459/1/10]*

SHANGHAI, April 15, 1932

Your telegram No. 59.<sup>1</sup>

At the suggestion of the Commander-in-Chief I discussed this suggestion with my United States, French and Italian colleagues on April 13th, and

<sup>1</sup> No. 213.

informed them that I no longer saw any objection from political point of view to reduction of British forces from four to three battalions. My colleagues agreeing in seeing no objection<sup>2</sup> I informed the Commander-in-Chief of the result of the discussion.

Repeated to Peking.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 689.

**No. 221**

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 81<sup>1</sup> Telegraphic [F 3470/1/10]*

SHANGHAI, April 15, 1932

Proceedings of military sub-committee April 14th.

Problem of Japanese demands regarding Chinese troop positions east of Wangpu and south of settlement.

2. Chinese delegates brought maps and produced proposals which gave promise of reasonable agreement. Discussion soon showed that Japanese delegate refused to accept any compromise short of a neutral zone all round Shanghai.

3. Further deliberations showed such little promise of success that neutral attachés suggested adjournment till next meeting of main conference. Both sides agreed accordingly.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 288 Tour to the Foreign Office (received at 4.30 p.m. on April 15).

**No. 222**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 18)*

*No. 206 [F 4237/451/10]*

TOKYO, April 15, 1932

His Majesty's Representative at Tokyo presents his compliments to the Secretary of State for Foreign Affairs and has the honour to transmit herewith copy of the under-mentioned paper.

*Name, Date, etc.*

*Subject*

From Dairen.

No. 42 dated April 8th.

Smuggling from Kwantung  
Leased Territory into  
Manchuria.



*Mr. Dening (Dairen) to Sir F. Lindley**No. 42*

DAIREN, April 8, 1932

Sir,

I received on April 6th a despatch from His Majesty's Consul at Newchwang enclosing copy of a letter from the Agent of Messrs. Butterfield & Swire at that port relative to the smuggling of sugar from the Kwantung Leased Territory into Manchuria proper, and requesting that some practical steps might be taken to put a stop to it.

2. It transpired that only the day before Mr. C. H. R. Oxlade, the English Secretary of the Chinese Maritime Customs here, had been mentioning to me the epidemic of smuggling which was going on, particularly in sugar and kerosene oil, and the ineffectual methods of the Kwantung Government in putting a stop to it. The chief method of smuggling was, he maintained, by junk from the small harbours in the neighbourhood of Dairen, such as Rokotan and Hsiaopingtao, to inlets further up the peninsula and outside the boundaries of the Leased Territory, though smuggling also took place over the land borders of the Territory. The Maritime Customs were not allowed to operate outside their own Customs compounds, with the result that, under the Sino-Japanese Agreement of May 30th, 1907,<sup>1</sup> they had to rely solely upon the efforts of the Kwantung Government police to put a stop to smuggling. These methods, he declared were half-hearted and haphazard.

3. This conversation was entirely unofficial, and when I received Mr. Bristow's despatch, I called upon the Commissioner of Customs. Just prior to this call Mr. Bryner (recently appointed Honorary French Vice-Consul) had mentioned to me that it was almost impossible for honest merchants to do business these days, owing to the extent of the smuggling which went on at Antung and over the borders of the Leased Territory.

4. In my conversation with Mr. Fukumoto I approached first the subject of Messrs. Butterfield and Swire's letter and it was agreed that I should write to him officially on the subject. In view of the Japanese responsibility under the Sino-Japanese Agreement of 1907, I subsequently suggested to Mr. Fukumoto that I should write to the Kwantung Government as well, with which he concurred. I have the honour to enclose herewith copies of the letters which I addressed to the Commissioner of Customs and to the Kwantung Government to-day.

5. After discussing the particular instance mentioned by Messrs. Butterfield & Swire, I touched on the general question of smuggling and quoted Mr. Bryner's remark mentioned above. I also said that I had seen the question of smuggling was on the agenda of a meeting of the Dairen Japanese Chamber of Commerce and that the subject seemed to be on everyone's lips at the present day.

<sup>1</sup> Cf. No. 178, note 17.

6. Mr. Fukumoto agreed that the situation was bad, and said he believed the Dairen Chamber of Commerce had addressed a strong protest to the Kwantung Government on the subject. He was inclined to concur with Mr. Bryner's statement that it was almost impossible for honest merchants to do business in face of the competition of smuggled goods. The Kwantung Government, however, was apathetic, and Mr. Fukumoto went on to say almost word for word what had been told me previously by Mr. Oxlade. The revenue, he said, was Chinese, and the loss of it therefore did not appear to affect the Kwantung Government. Too much was left in the hands of superintendents of police who, if they were good, might be energetic in suppressing smuggling, but if they were slack there was nobody to control them.

7. Mr. Fukumoto thought also that most of the smuggling went on by junk. I said that the land border did not strike me as particularly well protected. I had once on a shooting expedition in my car crossed the border into Manchuria proper without being aware of it until I saw some Chinese soldiers. Neither going nor coming was I stopped by any authority, Chinese or Japanese, nor was there any mark or sign to show that I had passed out of the territory. On various occasions that I had gone on shooting trips near the border I had never once seen a policeman. On the other hand I had frequently, coming back after dark, met processions of lorries on the road between Puliantien and Dairen. As this area was served by the railway there seemed to be no particular reason for these lorry-loads of goods, the more so as there are no towns of any importance north of Chinchow.

8. Mr. Fukumoto agreed that the lorry activity was suspicious, and remarked that the unduly large quantities of cargo shipped northwards from Wafangtien (just over the border) also did not seem to be justified by the size of the town or the activities of the district. But he was inclined to think that the proportion of smuggling was greater by junk than by land. This is probably because it is less easy to control and is also cheaper.

9. In view of Mr. Consul-General Eastes' account of the wholesale and open smuggling that goes on at Antung, it is easily understandable that, combined with the smuggling that seems undoubtedly to go on through the Leased Territory, the position of the legitimate trader is gradually being rendered almost untenable, while the loss of revenue to the Chinese Maritime Customs is serious.

10. It is significant that this state of affairs is entirely due to lack of Japanese control both at Antung and in the Kwantung Leased Territory, a fact which is scarcely consistent with the declared policy of maintaining peace and order in Manchuria for the purpose of legitimate trade.

11. Copies of this despatch have been sent to Peking, to His Majesty's Minister at Shanghai, and to His Majesty's Consular Officers at Mukden, Harbin and Newchwang.<sup>2</sup>

I have, &c.,  
M. E. DENING

<sup>2</sup> Sir J. Pratt minuted on the file: 'There is one aspect of this smuggling problem—whether at Antung, or Dairen or Hongkong—that is in some danger of being lost sight of.'

The root cause is China's insistence on levying a high tariff although her administration is so inefficient that she is incapable of checking smuggling. The old 5 per cent tariff—so long a standing grievance of the Nationalists—was really much better suited to Chinese conditions. J. T. Pratt 26/5.'

ENCLOSURE 2 IN NO. 222

*Letter from Mr. Dening to the Commissioner of Customs at Dairen*

DAIREN, April 8, 1932

Sir,

I am in receipt of a despatch from His Britannic Majesty's Consul at Newchwang enclosing a letter from the Agent of Messrs. Butterfield & Swire at that port, in which it is alleged that, as a result of smuggling from the Kwantung Leased Territory into Manchuria proper, sugar is being sold in the interior at prices which make it impossible for Messrs. Butterfield & Swire to compete.

2. While it is stated that it is next to impossible to quote proved instances of smuggling, figures are given showing that Japanese cube sugar (which costs 8 sen per pound in Dairen) is being retailed in the Japanese settlement at Mukden at 10 sen per pound and at 15 cents<sup>3</sup> per pound in the Chinese city. From this it would seem that this sugar reached Mukden without paying Chinese Customs duty. It is added that brokers in Newchwang have been offering to sell soft sugars at prices which bear little relationship to the normal duty-paid cost of sugar at that port.

3. I have not hitherto brought officially to your notice the question of smuggling because, though there have been persistent and ever-increasing allegations that extensive smuggling is carried on from the Leased Territory into Manchuria proper, I have not hitherto been provided with evidence which justified my making representations. The figures quoted by Messrs. Butterfield & Swire do appear to suggest, however, that sugar is being shipped into the interior without payment of duty, and I have accordingly the honour to ask whether some practical steps may not be undertaken to put an end to the present situation.

4. The matter is one which primarily affects the revenues of the Chinese Maritime Customs, but since I note from the Sino-Japanese Agreement of May 30th, 1907, that the Japanese authorities are responsible for taking steps to prevent smuggling from the Leased Territory to China, I am forwarding a copy of this letter to the Chief of the Foreign Affairs Section of the Kwantung Government.

I have, &c.,  
M. E. DENING  
*Acting British Consul*

<sup>3</sup> This word was underlined in the enclosure as received in the Foreign Office.

ENCLOSURE 3 IN NO. 222

*Letter from Mr. Dening to the Chief of the Foreign Affairs Section,  
Kwantung Government*

DAIREN, April 8, 1932

Sir,

In view of the fact that, according to the text of the Sino-Japanese Agreement of May 30th, 1907, for the establishment of a maritime customs office at Dairen, ' . . .<sup>4</sup> it is understood that the Japanese authorities will take steps to prevent smuggling from the Leased Territory into China,' I have the honour to transmit herewith copy of a letter which I have addressed to the Commissioner of Customs at Dairen on the subject of sugar shipped to the interior without payment of duty.

2. I should also be glad if you would be so good as to inform me whether any practical steps are being taken, or can be taken, to prevent the smuggling of goods from the Kwantung Leased Territory into the interior.

I have, &c.,

M. E. DENING

*Acting British Consul*

<sup>4</sup> Punctuation as in the original quotation.

No. 223

*Letter from Sir J. Pratt (Geneva) to Mr. Orde (Received April 21)<sup>1</sup>*

[F 3598/1/10]

My dear Orde,

GENEVA, April 15, 1932

I enclose—

- (1) Some supplementary notes<sup>2</sup> on the Sino-Japanese negotiations which I am submitting to the Secretary of State for use at the meeting tomorrow.
- (2) A minute<sup>3</sup> which I am also submitting to the Secretary of State on your telegram No. 8, on the subject of the Manchurian Customs and the démarche proposed by the United States Government.

There is to be a private meeting on Saturday<sup>4</sup> morning of the Assembly Committee without the parties, followed by a public meeting of the full Committee in the afternoon. Dr. Yen came to see me this evening and I gathered that his idea was that by way of a compromise, power should be taken to extend the time limit, provided the neutral Powers in Shanghai considered that it ought to be extended. I did my best to choke him off this line, pointing out that none of the Powers would care to bear such an

<sup>1</sup> Date of entry in the Foreign Office file.

<sup>2</sup> Not printed. Paragraphs 1, 2, and 4 summarize the course of the Shanghai negotiations. Paragraph 3 mentions that on March 15 the Japanese Minister at first insisted on a reaffirmation of the Mayor of Shanghai's letter of January 28 (cf. No. 88, § 7) and asks whether the phrase in Article 1 of the proposed Sino-Japanese agreement, 'cease from all and every form of hostile act', had subsequently been accepted by the Japanese on the understanding that it referred to the boycott.

<sup>3</sup> Printed as note 3 to No. 211.

<sup>4</sup> April 16.

onerous responsibility. I also did my best to persuade him that China would be well advised to follow Lampson's advice and sign the agreement as it stands. If he is right in thinking that the Japanese have no real intention of withdrawing from Shanghai, the only way in which their bad faith could be made patent to the world would be by signing the agreement and putting them under a binding obligation to withdraw. So long as the two sides go on haggling over forms of words and no agreement is signed, the true position with regard to Japan's intentions would continue to be disguised from the world. He seemed to see the force of this argument, but I doubt whether he will act accordingly, for it seems that the state of public opinion in China is such that no Chinese Government can sign the agreement unless it contains a time limit in some shape or form.

Yours sincerely  
J. T. PRATT

**No. 224**

*Sir R. Vansittart to Sir F. Lindley (Tokyo)*  
*No. 72 Telegraphic [F 3369/1/10]*

FOREIGN OFFICE, *April 16, 1932, 7.30 p.m.*

I am concerned at reports mentioned in Seoul despatch enclosed in your despatch No. 118,<sup>1</sup> and you should intimate as much to Japanese government, informing your colleagues of your action.

I shall be glad to have any further similar reports by telegraph.<sup>2</sup>

<sup>1</sup> No. 30.

<sup>2</sup> In his reply in Tokyo telegram No. 194 of April 18 to the Foreign Office (received at 9.35 a.m.), Sir F. Lindley said that the reports seemed to him improbable as they were out of line with the policy being followed as regards the new Manchurian State. He added: 'I will verify and telegraph later'; see No. 241 below.

**No. 225**

*Sir R. Vansittart to Sir M. Lampson (Shanghai)*  
*Unnumbered Telegraphic [F 3383/1/10]*

*Most immediate*

FOREIGN OFFICE, *April 16, 1932, 11.55 p.m.*

Following for Sir M. Lampson from Sir R. Vansittart.<sup>1</sup>

If not too late please defer your departure from Shanghai pending future instructions which will be telegraphed tomorrow.<sup>2</sup>

<sup>1</sup> This telegram was despatched in accordance with an undated note, evidently of April 16, 1932, which Sir R. Vansittart had sent from his private residence at Denham Place, Buckinghamshire, to the Resident Clerk at the Foreign Office. In this message Sir R. Vansittart stated, in particular: 'The King expressed to me this afternoon the hope that Sir M. Lampson would not leave Shanghai yet.'

<sup>2</sup> Sir R. Vansittart's telegram No. 64 to Sir M. Lampson, despatched at 1 p.m. on April 18, said: 'In the absence of further instructions from the Secretary of State I presume you will remain at Shanghai till you know decision of Assembly Committee and see its effect at Shanghai.'

No. 226

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 16, 7.15 p.m.)*

*No. 290 Tour Telegraphic: by wireless [F 3480/1/10]*

SHANGHAI, April 16, 1932

Military Attaché reports as follows April 15th:

Japanese staff confirm return to Japan during the past week of 2,000 men of first and second class reservists of 14th division, two companies or 800 men of sailors naval landing party.

2. Recent Japanese communiqués declaring that Chinese troops were firing on one another in the vicinity of Tai . . .<sup>1</sup> turn out on investigation to have been a sham battle employing artillery and infantry staged by the 5th Chinese army staff for the benefit of representatives of the Fox Movietone Company of America.

3. Japanese defensive preparations along north west corner of the settlement—west of Kiangwan—Woosung area support the impression gathered from peace conversations that Japanese intend to hold on to area given in my telegram No. 184.<sup>2</sup> It is probable that the Japanese will as a gesture voluntarily retire to this line as soon as they are satisfied there is nothing to be got out of present peace negotiations.

4. Reports from Chinese official sources show that they continue to dig in on their present positions but show no signs of taking the offensive. First Nanking division is now identified as far east as Chinkiang on Nanking railway. There is also steady movement of reinforcements towards Kashing (Hangchow railway) via the canal from Suchow. Men of the 6th Nanking division and troops believed to be Chiang Kai-shek's Kuangsi troops have been seen moving south from Suchow.

Repeated to Peking and Mission.

<sup>1</sup> The text is here uncertain. It was suggested on the filed copy that this word should read 'Taizang'.

<sup>2</sup> No. 97.

No. 227

*Mr. Patteson (Geneva) to Sir R. Vansittart (Received April 17, 6 p.m.)*

*No. 34 L.N. Saving. Telegraphic [F 3486/1/10]*

GENEVA, April 16, 1932

Following from Secretary of State.

Committee of Nineteen met this morning in private without the parties.

President summarised Shanghai negotiations and observed that difference seemed to resolve itself into choice between four months and six months.

Czechoslovak delegate enquired who would be judge of question whether conditions had returned to normal.

Secretary General reminded Committee that draft agreement provided for appointment of mixed Commission. They would have no power to take decisions, but in practice they could express opinions.

Swiss delegate said that in any case he had great difficulty in accepting idea that one of the parties should be the judge on this point. If the Commission were to judge, there remained the question *how* it should give its opinion; in his view, if unanimity were necessary, votes of the parties should not be counted.

In reply to invitation of President to representatives of the interested Powers to express an opinion, I gave the committee substance of identic message contained in Sir M. Lampson's telegram No. 78.<sup>1</sup> I prefaced summary by observing that in my view it was highly regrettable that, when agreement had been so nearly reached on the spot, negotiations had been suddenly suspended by reference here. It was of course true that the Assembly was ultimately the highest authority, but it was unfortunate that the discussions in Shanghai had been broken off by reference at this point to Geneva.

I summarised identic message as follows:—

The attitude of the Japanese representatives at Shanghai was that they could not agree on a particular date for final withdrawal. Such withdrawal would mean further reduction in the number of their troops, and while they were anxious for reduction, that could not be realised until conditions returned to normal. I referred to the final formula that had been devised for a Japanese declaration. I admitted that mere expression of a hope did not afford any guarantee. It seemed that there were really only two ways in which agreement might be reached: (1) by China accepting the declaration, and (2) by China signing the agreement without insisting on the declaration and relying on the undertaking which Sir M. Lampson and his colleagues suggest should be stated to be involved in Article 3 of the agreement, viz, that committee understand Article 3 as meaning that Japanese government thereby undertake to complete withdrawal as soon as possible.

I said that from foregoing I derived two impressions: (1) that negotiations had not broken down; reply of Chinese government was still awaited on one point; (2) that it was impossible to fix a date here in Geneva. I was moreover impressed with fact that local representatives of the neutral Powers agreed in thinking that the fixing of a date was at this moment impossible. But I was strongly of opinion that we ought to express view that the assurance given in Article 3 amounted to an undertaking to withdraw as soon as possible.

French delegate confirmed what I had said regarding identic message and agreed generally with my views, though he favoured idea of joint Commission being judge of moment when withdrawal should be completed.

Italian delegate also confirmed what I had said. In his view Article 3 would not be much improved by the proposed declaration.

<sup>1</sup> See No. 210, note 3.

Recalling that the mandate of the Committee was to see that the agreement was not in conflict with the Assembly resolution, President observed that the draft agreement appeared to fulfil the necessary condition. If Article 3 meant that withdrawal should be completed as soon as possible might it not even be dangerous to attempt to fix a time limit? He pointed out that under last sentence of Annex IV to the draft agreement, the joint Commission was to 'watch the carrying out of the provisions of Articles 1, 2 and 3'. He proposed therefore that the Committee should adopt a resolution (1) giving its interpretation of Article 3 and (2) inviting the Joint Commission under the Annex above referred to, to follow the execution of the terms of the armistice (or, as an alternative, the return to normal conditions) and to report, say, monthly.

Spanish delegate wanted to contrive that members of the Joint Commission minus the representatives of the parties should decide when time had come for complete withdrawal. It was pointed out to him that the Powers would probably be unwilling to assume the very grave responsibility which would thus be thrust upon them,<sup>2</sup> and I endeavoured to meet him by suggesting that there might be something in the preamble to the resolution preserving the overriding authority of the Assembly.

Delegate of Irish Free State hoped that in the drafting care would be taken to avoid certain phrases, such as 'security of life and property', which would recall too much the unfortunate experiences of Council in Manchurian affair, and French delegate said he was only anxious that it should not be left to decision of *one* party when time had come to complete withdrawal. We must try to define powers of commission so that *it* could express opinion of its own and not that of a party. From conversation he had had with Japanese delegate he had gathered that the idea of the Commission reporting would not be entirely repugnant to him.

President observed that difference between present situation and that in Manchuria consisted in this that we now had an independent . . .<sup>3</sup> on the spot.

He undertook to draft a resolution for submission to his colleagues and meanwhile to sound the parties privately.

Committee will probably meet again on Monday.<sup>4</sup>

Repeated to Shanghai, for Tokyo.

<sup>2</sup> In paragraph 2 of Geneva telegram No. 31 of April 16 to Shanghai, repeated as No. 161 L.N. to the Foreign Office, Sir J. Simon informed Sir M. Lampson of this suggestion and said: 'I am alive to the risk of foreign representatives at Shanghai undertaking the responsibility of certifying that conditions have become normal since if things afterwards turned out badly they might be held to blame. But proposed joint commission includes parties and in the sort of form indicated . . . I suggest burden of making periodical reports might be accepted.' Sir J. Simon concluded: 'I cannot yet give you any estimate of how long it will take for final pronouncement to be made.'

<sup>3</sup> The text is here uncertain.

<sup>4</sup> April 18.



*Letter from Sir J. Simon (Geneva) to Mr. MacDonald*  
[F.O. 800/286]

*Private and Personal*

GENEVA, April 16, 1932

My dear Prime Minister,

I got here last night six hours and fifty minutes after leaving Croydon with two stops of ten minutes each at Le Bourget and Lyons. Consequently I was here before Stimson arrived this morning and have just lunched alone with him and had about two hours of conversation.

The American Delegation has taken for him and Mrs. Stimson a magnificent villa which belongs, I believe, to the old Swiss family of Tronchin. The walls are covered with eighteenth century paintings of their very interesting countenances, including some good pastels, and the Library is after your own heart. There is a view of Mont Blanc from the dining room windows when Mont Blanc is visible, which is not often.

If Neville<sup>1</sup> produces a good Budget on Tuesday,<sup>2</sup> I think you had better authorise me to see if I can't find a larger château for you, otherwise the impression will not be good, even though you have the best bedroom in this Hotel!

Stimson and I talked about relations with the French, Disarmament and the Far East.

He had lunched with Tardieu<sup>3</sup> in Paris yesterday and seen him again I think in the afternoon. He reported that Tardieu had been very considerably annoyed by Gibson's speech when the Disarmament Conference resumed last Monday<sup>4</sup> because the French had jumped to the conclusion that this represented an Anglo-American conspiracy to overthrow the French plan.<sup>5</sup> I told Stimson that we had already explained to the French that Gibson's proposal was as novel to us as it was to them and Stimson said that Tardieu admitted that he had got unnecessarily hot on the subject. He is given to this, occasionally. Stimson said that he himself had not studied the Gibson proposals in detail beforehand and he does not mean to take Gibson's place at the Conference while he is here. He added (what was quite true) that really Gibson's speech laid more emphasis on the American origin of the proposals he made than was justified—quite a large number of Delegations had already said the same thing. I said this was certainly so, though we did not in the least mind America having taken so effective a lead at the right moment. He had enabled me to come out at once with a declaration of

<sup>1</sup> Mr. Neville Chamberlain, Chancellor of the Exchequer.

<sup>2</sup> April 19.

<sup>3</sup> President of the French Council of Ministers and Minister for Foreign Affairs.

<sup>4</sup> For this speech on April 11 by Mr. Hugh Gibson, Acting Chairman of the U.S. delegation, see League of Nations, *Records of the Conference for the Reduction and Limitation of Armaments, Series B. Minutes of the General Commission*, pp. 38-41; cf. *F.R.U.S. 1932*, vol. i, pp. 76-83.

<sup>5</sup> Presumably that of February 5; cf. Volume III, p. 506.

support<sup>6</sup> and Stimson said that this action of ours was very much appreciated by America.

I then said that we should hope to have the opportunity, while Stimson was here, of exchanging views very thoroughly about disarmament plans. I was strongly convinced that the French plan was impracticable. Stimson replied with a long account of the special American attitude to disarmament, which was very characteristic. America regarded the problems of the Conference as a primarily European question. He had told Tardieu in Paris that European disarmament depended very largely on the solution of political questions and with these America had nothing to do. Solve your political questions and your disarmament will follow. Applying these observations to my enquiry about the French plan, Stimson said that if the adoption of the French plan would assist European disarmament, he did not wish to oppose it. I ventured to say that it would still be necessary, I supposed, for all of us to form a view as to the merits and practicability of the proposal. Stimson said that, as to that, he strongly suspected that it was not really put forward by the French as a workable scheme, but was rather their way of claiming that they had made their contribution and it was not their fault if, after that, disarmament was not achieved. A nation that was as good at judging military problems as the French could surely have little confidence in the plan.

Stimson told me that on arrival this morning he had asked the American Delegation what was the relation of the French plan to the proposals for limitation and reduction of armaments in the Draft Convention,<sup>7</sup> and that no-one could tell him. I said that I thought the answer was reasonably plain. The French gave notice that while they were anxious to promote disarmament, they could not see their way to reduce their own armaments unless their plan was accepted. It was therefore a condition upon which they declared themselves able to do something towards disarmament. Stimson listened while I developed some of the considerations which make the French scheme so impracticable, e.g. the impossibility of having an international General Staff, the members of which would make plans in advance how to use the international force in certain hypothetical events against the very countries to which they belonged. Stimson observed that since it had taken three years of the world war to get a united command, it might be sufficient to ask who was going to be the commander of the international force. I have no doubt that in a few more conversations with us we shall get the Americans intellectually convinced that the French plan won't work, but I think they will leave us to be the active critics, explaining that Americans are a superior race of beings who do not need to descend into the arena on these humdrum European questions.

We then talked about the Far East. Stimson gave a very interesting sketch of his background to the whole question and claimed that he was thinking of what the upshot might be in the next generation if the old military and feudal influences in Japan got the upper hand again and the forces of moderation

<sup>6</sup> See *Minutes of the General Commission, op. cit.*, pp. 42-43.

<sup>7</sup> i.e. the convention drawn up by the Preparatory Commission of the Disarmament Conference as a basis of discussion in the General Commission; cf. Volume III, No. 235.

which had recently tried to co-operate with the west were rendered impotent by the successive assassination of leading moderates whom he named and by the intransigence of the Japanese army. Dealing with Shanghai, he confirmed that Johnson, the American Minister in China, had sent a message corresponding with that which we had just received from Lampson (in his telegram No. 78)<sup>8</sup> about the best way to deal with the immediate situation there. But Stimson said that he had been very much affected by two incidents. One was the ballon d'essai sent up from the Tokio Foreign Office some time back for ringing round the five Chinese Treaty ports.<sup>9</sup> The other was Yoshizawa's speech<sup>10</sup> in which he had said that the Nine-Power Treaty was out of date. These things foreboded the most serious attitude towards Treaty rights and responsibilities on the part of Japan and this was why the State Department had attached so much importance to a public declaration about Manchuria. Stimson described his letter to Borah<sup>11</sup> as a letter which was really addressed to China, to reassure her that her rights and interests were not forgotten. He also added that in a sense it was addressed to 'certain Conservatives in England who seemed to think that they could back Japan without reservation'.

The American Minister Johnson had told him that if it were suspected that other foreign Powers gave the least countenance to the Japanese suggestion for demilitarising Treaty ports, no foreigner's life in China would be safe.<sup>12</sup> I told him that Lampson had not failed to warn us that a policy which was not fair as between China and Japan would turn the anti-Japanese movement into an anti-foreign movement<sup>13</sup> and that we had throughout set ourselves to hold the scales fairly. Though Stimson's tone was extremely friendly throughout, I felt that he did wish to convey a certain sense of disappointment that we had not been, as he thought, sufficiently strenuous in denouncing Japanese activities.

I said that so far as I could see our general attitude was similar. We had not the slightest intention of encouraging the breach of Treaties or a failing in our duties as signatory to them. But what did Stimson envisage as the practical result of the protests which he had made and wanted to make? Did his policy contemplate any step beyond protest and would protests change the Japanese course? Stimson replied that he recognised that nothing beyond protest could be done. At the same time he felt that, if suitable occasions were chosen, the accumulated effect on public opinion was considerable and this would in the end influence Japan.<sup>14</sup>

<sup>8</sup> Of April 13; see No. 210, note 3.

<sup>9</sup> For this suggestion to create demilitarized zones see Volume IX, No. 393.

<sup>10</sup> On February 20, 1932; cf. *ibid.*, No. 554.

<sup>11</sup> Cf. No. 9, note 11.

<sup>12</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 256-7.

<sup>13</sup> Cf. Volume IX, No. 409.

<sup>14</sup> Mr. Stimson made a similar statement in his conversation with Mr. MacDonald and Sir J. Simon on April 23; see Volume III, No. 240 (p. 517). In reporting this conversation to other members of the British delegation at 10.30 p.m. that evening, Mr. MacDonald said that 'Mr. Stimson had observed that President Hoover had now come to the conclusion that anything in the nature of an economic blockade would necessarily entail a declaration

Lastly, we talked about America's latest Note to us on Manchuria.<sup>15</sup> Stimson said that his Far Eastern Department had got the impression that we cared more about the integrity of the Chinese customs than about the integrity of China. (It was noticeable that throughout Stimson did not profess to be expressing a personal view, though I think his special knowledge of the Far East<sup>16</sup> probably does mean that he had looked into this himself).

I replied that I thought that on this point there might be some confusion. It was true that the integrity of the Chinese customs seemed to us of great importance, for if there was no single system of tariffs for the whole of China and it became economically sub-divided, the consequences would be not unlike the consequences of excessive sub-division after the war in Europe; Chinese interests would suffer as well as all foreign traders. But our point in answer to the latest American suggestion was that if we protested to Japan in favour of preserving the integrity of Chinese customs, Japan would reply that she entirely agreed and would join us in doing her utmost to persuade the Manchurian authorities to make arrangements which would preserve that integrity. We might not ourselves believe that Japan was not behind the scenes, but that would not alter the fact that we should be told that we had addressed our complaint to the wrong party. Really it was the integrity of China which was involved in the Manchurian question and the customs difficulty was only a symptom of that trouble. Stimson did not seem very clear in his mind on these distinctions and we had to break off before thrashing the matter out. But he wants to have some further conversation and ended by saying how greatly he appreciated the opportunity of meeting.

I told him that I should report fully to you what had passed and that this would be by way of preparation for the conversations you hoped to have with him. Stimson did not speak definitely as to how long he was staying and I rather got the impression that it might be for more than a fortnight. I don't think he has made up his mind. He does not intend, I feel sure, himself to make specific contributions to the Disarmament Conference. We had no conversation to-day about reparations or debts.

This is a terribly long letter, but I thought you would like to know what passed.

Yours ever,  
JOHN SIMON

S. told me that Tardieu had said, when he first met him, that he did not mean to come back to Geneva till after the French elections (May 1st). But later T. seemed to change his mind and said he would come while S. is here. On Monday the American proposal to abolish big guns, tanks etc. will be further discussed.

of war. His Majesty's Government had come to the same conclusion. If an economic blockade were instituted against an aggressor State, the initiative passed at once to the latter, who could choose to declare a state of war, an example which might indeed be followed by other States who wished to trade with the aggressor.'

<sup>15</sup> See Nos. 198 and 211.

<sup>16</sup> Mr. Stimson had been Governor-General of the Philippine Islands, 1927-9.

No. 229

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*  
*No. 83<sup>1</sup> Telegraphic [F 3481/1/10]*

SHANGHAI, April 17, 1932

Geneva telegram No. 31 to Shanghai<sup>2</sup> second paragraph.

Similar idea had occurred to us out here, but for reasons stated at beginning of paragraph I had hitherto hesitated to press it on either side. However, things having reached their present impasse, the main thing clearly is to get agreement signed and I should not wish to over-emphasise risk of ultimate responsibility entailed if additional duty contemplated were placed upon proposed joint commission set up under article 4.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 291 Tour to the Foreign Office (received at 7.30 p.m. on April 17).

<sup>2</sup> See No. 227, note 2.

No. 230

*Mr. Strang (Moscow) to Sir J. Simon (Received April 18, 1.30 p.m.)*  
*No. 58 Telegraphic [F 3514/1/10]*

MOSCOW, April 18, 1932, 1.45 p.m.

Manchuria.

Soviet press takes a serious view of recent attempt on Sungari river bridge and raid on office of Soviet director of Chinese Eastern Railway,<sup>1</sup> attributing them to White Guards' action under Japanese military instigation or direction. These and other provocative incidents together with present anti-Soviet campaign in Japanese press<sup>2</sup> are taken as evidence of Japanese military plans for extension of conflict and preparation of Japanese public for new aggression. 'We see in Japan all the characteristic signs of a . . .<sup>3</sup> preparation for war'. Soviet policy of peace is reaffirmed.

Official communiqués<sup>4</sup> have been issued within the last day or two denying that General Ma is on Soviet territory or in contact with any Soviet authority<sup>5</sup> and stating that Soviet Government have asked Manchurian authorities to replace Chinese Consul, Blagoveshchensk, for abusing the privilege of cypher communication on behalf of General Ma. It is also denied that Litvinov has given an interview on the Far Eastern question to Japanese newspaper correspondents at Geneva or elsewhere.

<sup>1</sup> Cf. No. 216; see also *The Times*, April 15 (p. 13), April 16 (p. 11), and April 19 (p. 14).

<sup>2</sup> Cf. Nos. 234-5 below.

<sup>3</sup> The text is here uncertain. The word 'moral' was inserted on the filed copy.

<sup>4</sup> Cf. Degras, vol. ii, p. 529.

<sup>5</sup> Cf. No. 216.

No. 231

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*

*No. 32 Telegraphic [F 3532/1/10]*

GENEVA, April 18, 1932, 11.16 p.m.<sup>1</sup>

Committee of nineteen this afternoon considered draft proposed to give effect to the ideas outlined at former meeting.<sup>2</sup> It has not yet reached final decision but it is seeking a solution on the lines that joint commission provided for in draft agreement should be empowered at the request of one of the parties to say whether second and final stage of withdrawal of Japanese troops could reasonably be effected. In order that joint commission should not be prevented from making this pronouncement by opposition of one of the parties it was proposed, if difficulty arose on this account that joint commission should make a report to the Assembly Committee. This report could not be in the nature of a decision but any decision taken by Assembly or its committee would doubtless be influenced by the report. Consequently neutral members of the joint commission would be asked to assume a certain responsibility and I should be very glad to have your opinion as to whether it can or should be assumed after consulting your colleagues to whom similar enquiry is being addressed.<sup>3</sup> Joint reply would be welcome.

It is clear that no authority at Geneva can decide that conditions at any given moment justify complete withdrawal and it is necessary to have advice on this point from competent authorities on the spot.

Repeated to Foreign Office and Tokyo.

<sup>1</sup> Time of repetition as No. 163 L.N. to the Foreign Office (received at 9.30 a.m. on April 19).

<sup>2</sup> See No. 227.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iii, pp. 697-8.

No. 232

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 18, 6 p.m.)*

*No. 292 Tour. Telegraphic: by wireless [F 3515/82/10]*

SHANGHAI, April 18, 1932

Your telegram No. 57.<sup>1</sup>

United States Minister is addressing note<sup>2</sup> to Waichiaopu dated April 14th. Note enumerates various cultural works supported by American share of indemnity and concludes by stating that while United States Government is not disposed to raise objection to postponement for one year from March 1st, 1932, they request assurances that cultural objects in question to which payments are devoted will not be permitted to suffer complete interruption and that acquiescence of United States Government in this instance is not to be considered as a precedent.

<sup>1</sup> No. 186.

<sup>2</sup> See *F.R.U.S.* 1932, vol. iv, pp. 613-14.

I am sending in briefer note dated April 18th stating that His Majesty's Government are prepared to agree to suggested postponement for one year as from March 1st, 1932 on the understanding that purposes mutually beneficial to China and United Kingdom to which funds in question are devoted under formal arrangements between our two Governments will not suffer by postponement and that acquiescence of His Majesty's Government in this instance concerns postponement of one year's instalment only and does not constitute a precedent for the future and requesting assurances confirming the above understanding.

Repeated to Peking and Mission.

**No. 233**

*Mr. Holman (Peking) to Sir J. Simon (Received May 9)*

*No. 445 [F 4056/65/10]\**

PEKING, April 18, 1932

His Majesty's Minister, Peking, presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and transmits herewith copy of despatch No. 164 from His Majesty's consul-general, Shanghai, dated the 11th April, respecting the Chinese courts in the Shanghai International Settlement.

ENCLOSURE 1 IN No. 233

*Mr. Brenan to Sir M. Lampson*

*No. 164*

SHANGHAI, April 11, 1932

Sir,

In view of the recent complaints voiced by different sections of the foreign community regarding the Chinese courts in the International Settlement, the enclosed extract from the report by the municipal advocate<sup>1</sup> on the working of these courts during March 1932 may be of interest. In this connexion I would refer also to the statement of the British Chamber of Commerce and China Association, enclosed with my despatch No. 147<sup>2</sup> of the 22nd March, and to my comments thereon.

2. The Shanghai First Special Area District Court and the Kiangsu High Court, Second Branch, which are the official designations of the Chinese courts in the settlement, together constitute far and away the most important tribunal in China, so far as the volume of business transacted is concerned. In the district court there are nine court rooms. Five of these are used for criminal cases and four for civil cases. The criminal division of the district court at the present time is much overcrowded, so the High Court permits

<sup>1</sup> This extract from Mr. R. T. Bryan's report is not printed.

<sup>2</sup> No. 134, enclosure.

the district court to use one of its court rooms for criminal cases in the mornings. A new building for the district court is now in process of erection. The building will contain four new court rooms. The district court has one president and eighteen judges, nine judges in the criminal division and nine in the civil division. In addition to the judges, there are four procurators. The High Court has one president and eight judges, four judges in the civil division and four in the criminal division. In addition to the judges, the High Court has two procurators.

3. The municipal advocate is, of course, only concerned with criminal cases undertaken on behalf of the council, and his report does not touch on the extensive civil jurisdiction which takes up the greater part of the courts' time. On the criminal side it will be seen that no less than 5,950 cases were prosecuted during the month of March alone, and that 91 per cent. of these resulted in convictions. It cannot be denied, therefore, that the courts continue to give satisfaction in criminal trials of a non-political nature. Where politics enter into the cause of dispute, and especially where strong national feeling is aroused, it is another story. The judges are frightened and cannot then be trusted to enforce the law. A striking example of this is afforded by the anti-Japanese boycott pickets case, of which a full account is given by Mr. Bryan.

4. Another item of interest in the report is a description of a Chinese trial. It will be seen that continental rather than Anglo-Saxon procedure is followed, and this, with the increased power which it gives to an unscrupulous judge in disposing of cases according to political or other exigencies, is itself a cause for distrust to British and American critics.

5. Mr. Bryan also deals with a subject which has caused a good deal of difficulty between the council and the Chinese authorities outside the settlement, and that is the procedure by which Chinese in the settlement, who are wanted for offences committed elsewhere, are handed over to those authorities. Article 6, paragraph 2, of the Court Agreement,<sup>3</sup> which deals with this point, reads as follows:—

'No person found in the International Settlement shall be handed over to the extra-settlement authorities without a preliminary investigation in court at which counsel for the accused shall have the right to be present and heard, except in the case of requests emanating from other modern law courts when the accused may be handed over after his identity has been established by the court.'

6. The Chinese maintain that this is an administrative and not a judicial procedure, and that no appeal regarding it can be considered. The council, on the other hand, have consistently maintained that it is a judicial procedure from which an appeal will lie.

7. The present Court Agreement is for a period of three years only, from

<sup>3</sup> The agreement of February 17, 1930, relating to the Chinese Courts in the International Settlement at Shanghai is printed in Cmd. 3563 of 1930; cf. Volume VIII, No. 242.



the 1st April, 1930, and should shortly come up for revision. In concluding his report, Mr. Bryan urges that any new agreement should contain a clause clarifying article 6, paragraph 2, of the present agreement, so that the time-honoured rule which requires a *prima facie* case to be proved in all extradition cases will be hereafter upheld and properly applied.

I have, &c.,  
J. F. BRENNAN

No. 234

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 19, 12.20 p.m.)*  
*No. 195 Telegraphic [F 3541/1/10]*

TOKYO, April 19, 1932, 6.5 p.m.

My telegram No. 152.<sup>1</sup>

In view of press accusations of Russian intrigues in Manchuria I asked Minister for Foreign Affairs on April 15th whether he had reason to believe Russians were now trying to embarrass Japan. Minister for Foreign Affairs replied that he had no proof.

Press campaign having become more intense I spoke again to Minister for Foreign Affairs today. He replied that whilst suspicious of Russians he had no proof of their absolute implication in any particular incidents. Japanese Government quite realized the necessity for avoiding conflict with Russia.

<sup>1</sup> See Volume IX, No. 622, note 3.

No. 235

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 19, 12.40 p.m.)*  
*No. 196 Telegraphic [F 3542/1/10]*

TOKYO, April 19, 1932, 6.10 p.m.

My immediately preceding telegram.<sup>1</sup>

Press campaign emanates largely from Foreign Office press Bureau which gave provocative statement yesterday to foreign but not to Japanese press correspondents. Russian Ambassador believes object of agitation is to intimidate Russia into compliance in settling numerous small questions at issue concerning Chinese Eastern Railway and possibly fisheries. Russian Ambassador states that his Government will not be provoked into any attack but will defend territory.<sup>2</sup>

We believe Russian Ambassador's explanation is probably correct and we do not believe Japanese Government intend to pick a quarrel with Russia. The danger of the situation seems to lie in the possibility of local authorities in Manchuria drifting into hostilities with Russians and starting another war which is no war.

<sup>1</sup> No. 234.

<sup>2</sup> Cf. No. 230.

Minister for Foreign Affairs to-day seemed unduly suspicious of Colonel Stimson conversing with Litvinoff at Geneva.<sup>3</sup>

<sup>3</sup> For a denial of reports to this effect see *F.R.U.S.* 1932, vol. iii, p. 709.

## No. 236

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*

*No. 33 Telegraphic [F 3550/1/10]*

GENEVA, April 19, 1932, 8.40 p.m.<sup>1</sup>

My telegram No. 32.<sup>2</sup>

1. Committee of Nineteen at private meeting this afternoon approved text of draft resolution which will be submitted at a public meeting of committee after further consultation between President and parties. Paragraph 2 [*sic*]<sup>3</sup> of resolution full text of which is being telegraphed<sup>4</sup> declares powers of joint commission include competence to declare at the request of one of parties that moment has arrived when complete withdrawal of Japanese troops can reasonably be effective.<sup>5</sup> This paragraph also observes that under annex 4<sup>6</sup> effective decisions are to be taken by majority vote, chairman having a casting vote.

2. Committee agreed on this solution of difficulty after learning that Japanese delegate had informed the President in confidence that in the opinion of his government annex 4 gave joint commission power to fix by a majority vote date of final withdrawal and that he would accept a resolution which laid this down.

Repeated to Foreign Office No. 166.

<sup>1</sup> Time of despatch as No. 166 L.N. to the Foreign Office (received at 10 p.m. on April 19).

<sup>2</sup> No. 231.

<sup>3</sup> This should have read: 'Paragraph 11'.

<sup>4</sup> In Geneva telegram No. 167 L.N. to the Foreign Office of April 19 (received at 9.30 a.m. on April 20), which was repeated as Foreign Office telegram No. 65 Tour to Sir M. Lampson on April 20. The text therein corresponded to that printed in *L.N.O.J.*, *S.S.* No. 101, p. 97, except that the draft resolution was in the name of the Special Committee of the Assembly and that paragraph 11 read as follows: '(11) Is of opinion that powers, as defined in annex 4 of draft agreement of commission which is to watch carrying out of Article 1, Article 2 and Article 3 of that agreement include competence to declare at the request of one of the parties that moment has arrived when complete withdrawal of Japanese troops can reasonably be effected: hopes that all decisions of Commission will be unanimous; but observes that under the terms of annex 4 referred to above if unanimity is not possible effective decisions are to be taken by majority vote, the Chairman having a casting vote.' Cf. *F.R.U.S.* 1932, vol. iii, p. 703.

<sup>5</sup> It was correctly suggested on the filed copy that this word should read 'effected'

<sup>6</sup> Of the draft agreement on Shanghai; cf. Nos. 118 and 168.

No. 237

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 19, 9.30 p.m.)*  
*No. 296 Tour. Telegraphic: by wireless [F 3553/1/10]*

SHANGHAI, April 19, 1932

Japanese Minister called April 19th. We discussed prospects of resuming peace negotiations.

2. I sent for Military Attaché with reference to problem of positions of Chinese troops east of Wangpu and south of Settlement. Colonel Badham-Thornhill explained briefly that position was that Chinese have agreed to what amounts in practice to a neutral zone round Shanghai with the exception of area south and south-west of Settlement. This area they steadfastly refuse to concede as unnecessary. Colonel Badham-Thornhill did not think they would give way on this point whatever arguments were adduced on Japanese side. He thought however that Chinese might conceivably be induced to specify points where their troops were stationed astride Hangchow gap in which case only gap in virtual demilitarised zone would be that directly due south of Settlement. Japanese would in Colonel Badham-Thornhill's opinion be well advised to accept what China is already prepared to give: but in the event of Chinese agreeing to move, as above, Japanese surely could not but leap at the offer.

3. I counselled Japanese Minister to do all in his power to get General Tashiro who represents Japan on sub-committee to agree. Japanese Minister confidentially informed me that general outlook was distinctly difficult but he would do his best.<sup>1</sup>

Repeated to Geneva No. 86, Tokyo, Peking and Mission.

<sup>1</sup> In his despatch to Sir J. Simon, No. 112 Tour of April 29, not printed, Sir M. Lampson summarized the discussions in Shanghai since April 9, and remarked of the conversation of April 19: 'The Japanese military representatives continued to maintain that Chinese troops in the latter area would be a menace to the Japanese rear and a danger to the Japanese men-of-war in the river—a remarkable argument, seeing that foreign naval vessels have been berthed in the Whangpoo River, as in other Chinese harbours, for many decades without such a point being raised; while, if the proposed agreement were not kept and hostilities were resumed, any Chinese undertaking not to station troops in certain areas would in any case cease to have any validity, since the whole agreement would fall to the ground.'

No. 238

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 19, 9.30 p.m.)*  
*No. 297 Tour. Telegraphic: by wireless [F 3549/27/10]*

SHANGHAI, April 19, 1932

His Majesty's Consul at Amoy reports that Communist forces are said to be approaching Changchow and that local troops under General Chang are unable to stop their advance.<sup>1</sup> In view of possibility of this leading to

<sup>1</sup> In Peking telegrams Nos. 206 and 209 of April 21 and 22, not printed, Mr. Holman summarized further reports from H.M. Consul at Amoy in which Mr. Jamieson said that

local disturbances His Majesty's Consul recommended that a British warship be sent to Amoy and Commander-in-Chief has ordered H.M.S. 'Devonshire' to proceed there.

2. All British missionaries are reported to have been withdrawn from Changchow.

Repeated to Peking.

'attacking troops at first taken for communists are now understood to be well-organised body under Sun Yen-chung who is striving to overthrow local General Chang' and that 'Changchow was occupied April 19th by Sun Yen-chung's troops apparently supported by brigands and communists'.

### No. 239

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 85<sup>1</sup> Telegraphic [F 3576/1/10]*

SHANGHAI, April 19, 1932

Geneva telegram No. 32.<sup>2</sup>

Following text of identic telegram<sup>3</sup> being despatched today:

We consider that there is no objection to provisions [provision] that joint commission should follow progressive [progress of] local conditions in Shanghai area and that its neutral members should send reports thereon from time to time to Geneva or if either side prefers to our four Governments. Provisions had [Provision has] already been agreed to (see last paragraph of annex 4 of draft agreement) that 'commission will, in accordance with its decisions, watch in such manner as it deems best the carrying out of Articles 1, 2 and 3 of agreement.' We feel commission and its neutral members should not be asked to assume greater responsibility than the above. [Such] Reports should supply sufficient indication of views of neutral members of Joint Commission as to local conditions. Point might be met by the addition to proposed resolution of words to the effect that Committee of 19 recommends that joint commission to be established under agreement should follow progressive [progress of] local conditions and that its members representing participating friendly Powers should accordingly send reports from time to time to Geneva or (see above) to their respective governments.

Above is our reply to the specific question raised in your telegram. But seen from this end it would be wiser, if not too late, to adhere to our original proposal, see last paragraph of identic telegram of April 13th.<sup>4</sup>

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 295 Tour to the Foreign Office (received at 9.30 a.m. on April 20).

<sup>2</sup> No. 231.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 721. The wording in square brackets in the text above is that in another filed Foreign Office copy of this identic telegram (F 4240/1/10) and also in the *F.R.U.S.* text, *op. cit.*

<sup>4</sup> See No. 210, note 3.

Sir J. Simon to Sir F. Lindley (Tokyo)

No. 294 [F 3166/2362/10]

FOREIGN OFFICE, April 19, 1932

Sir,

I transmit to your Excellency herewith a copy of a despatch which has been received from the Commercial Secretary at Harbin, reporting on the action taken by a Japanese adviser with a view to preventing the Bank of Manchuria from effecting its insurances with a British company. On the information available, it would seem that representations to the Japanese Government in this matter would be amply justified, though it is necessary to await the receipt of a full report before a final decision can be reached. It has been suggested to the Department of Overseas Trade that Mr. Hutchison should be instructed to report by telegraph the further particulars which he expects to furnish.

2. In the meantime, it would appear on the information available that there has been a *prima facie* infringement of the principle of the 'open door' in Manchuria, within the definition of that principle recorded in the Nine-Power Treaty of 1922, and if it is held that Japan is in this case acting in a manner which is inconsistent with that definition, His Majesty's Government are entitled, if not bound, under Article 7 of the Treaty, to communicate with the Japanese Government on the subject. The relevant provisions are Article 1 (3) and (4), and part of Article 3, which provide as follows:—

'Article 1: The Contracting Powers, other than China, agree: . . .<sup>1</sup>

(3) to use their influence for the purpose of effectually establishing and maintaining the principle of equal opportunity for the commerce and industry of all nations throughout the territory of China;

(4) to refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such States.

Article 3: With a view to applying more effectually the principles of the Open Door or equality of opportunity in China for the trade and industry of all nations, the Contracting Powers, other than China, agree that they will not seek, nor support their respective nationals in seeking—

(a) any arrangement which might purport to establish in favour of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China;

(b) any such monopoly or preference as would deprive the nationals of any other Power of the right of undertaking any legitimate trade or industry in China. . . .<sup>1</sup>

<sup>1</sup> Punctuation as in original quotation.

In the present instance, it would appear that what has occurred is inconsistent with the above provisions. The action now reported was taken by a Japanese adviser, who was an emissary of a Japanese Bank, the Bank of Chosen, which is at any rate of a semi-official character, it being understood that the Japanese Government control at least 30 per cent. of the stock of this Bank, and that in addition the appointment of the Governor and the Vice-Governor, as well as the selection of the Directors from a list of candidates proposed by a general meeting of the shareholders, are matters under the control of the Japanese Minister of Finance. It is also understood that the Japanese Government appoint a special Commissioner to the Bank, whose duty it is to supervise its business. Your Excellency will be able to confirm whether this understanding of the status of the Bank of Chosen is correct.<sup>2</sup>

3. If the authority attaching to the advice given to the Bank of Manchuria by Mr. Sato was due to the fact that he was in any sense an emissary of the Japanese Government, it would seem plain that his action was of the kind which the above-quoted provisions of the Nine-Power Treaty were intended to prevent, more especially if, as is probably the case, this incident is only a part of a general policy for the substitution of Japanese for foreign commercial activities in Manchuria. If, on the other hand, the Japanese Government should maintain that the person in question had no official status, and that they are not responsible for what he has done, it would then be necessary to reply that His Majesty's Government assume therefore that his advice had no official authority behind it, and that the Bank of Manchuria are accordingly at liberty to disregard it and to continue to place their insurances with a British company.

4. The above considerations are placed on record for your Excellency's information, but, pending the receipt by me of a final report with full details, when further instructions will be sent, you should take no action in the matter.<sup>3</sup>

I am, &c.,  
JOHN SIMON

ENCLOSURE IN NO. 240

*Mr. Hutchison (Harbin) to Sir J. Simon*

*No. 17. Overseas Trade B<sup>4</sup>*

HARBIN, *March 11, 1932*

Sir,

I have the honour to report a case in which the newly-augmented Japanese influence here has been exercised to the detriment of British commercial interests. The facts are as follows.

<sup>2</sup> Sir F. Lindley stated in his despatch No. 275 of May 25 (received June 22): 'With reference to the last sentence of paragraph 2 of your despatch, I have the honour to confirm that the account of the status of the Bank of Chosen, as described therein, is substantially correct.'

<sup>3</sup> In his further despatch No. 372 of May 19 (F 4256/2362/10, not printed) to Sir F. Lindley, Sir J. Simon said that from enquiries made in London it appeared that companies

[Note 3 continued overleaf together with Note 4]

2. Messrs. the Commercial Union Assurance Company, Limited, a British firm, has for the past four years insured the buildings and other properties here of the Bank of Manchuria, otherwise known as the Three Eastern Provinces Bank, on eight policies to an insured value of Harbin \$90,000. These policies, which are issued annually, expire at the end of this month and, in accordance with the usual practice, new policies were sent by the company last week to the bank in order that they might be checked and substituted for the old. The new policies have, however, been returned and the manager of the bank, when asked for an explanation, has stated that he has received instructions from Mr. Sato Kanichi, the Japanese adviser recently installed in the bank, to place his insurance in future with Japanese insurance companies.

3. On enquiry at the Japanese Consulate-General, I was informed that Mr. Sato is not an adviser to the bank, the fact being that he is merely an employee of the Bank of Chosen given a power of attorney by the Kirin Government to investigate the affairs of the bank. The distinction would appear to be a difference in name only, but I have been unable to ascertain what precisely his functions are.

4. What action, if any, may be possible remains to be seen. As a first step I have advised the manager of the British firm to call on Mr. Sato and endeavour to obtain from him confirmation and some explanation of the attitude he has adopted. I hope soon to be able to give further particulars, but am reporting the incident without delay because it is the first which has been brought to my notice from which it might appear that Japanese political dominance in Manchuria may tend to restrict the commercial activities of other foreigners.

5. Copies of this despatch have been sent to the Commercial Counsellor in Shanghai, the Commercial Secretary in Peking, and to His Majesty's Consuls-General in Harbin and Mukden.

I have, &c.,  
J. C. HUTCHISON  
*Commercial Secretary*

other than the one named had issued policies in the past to the Bank of Manchuria, the total insurance amounting to \$173,000, of which \$65,000 had been renewed this year, and the remainder given to the Japanese firm of Mitsui and Company. The Commercial Union Assurance Company Limited had already decided that in view of the losses which it had incurred in Manchuria during the past fifteen or twenty years that it would be advantageous to withdraw almost entirely from Manchuria. In the circumstances no further approach to the Japanese Government should be made.

<sup>4</sup> Received in the Foreign Office from the Department of Overseas Trade on April 5.

No. 241

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 20, 9 a.m.)*

*No. 197 Telegraphic [F 3554/1/10]*

TOKYO, April 20, 1932, 12.31 p.m.

My telegram No. 194.<sup>1</sup>

Minister for Foreign Affairs informed me yesterday that neither Japanese Government nor Korean Government had ever contemplated incorporating part of Kanto into Korea. None of my colleagues believe[?] the report.

I have asked H.M. Consul-General at Seoul for further details of the report.<sup>2</sup>

Repeated to Seoul.

<sup>1</sup> See No. 224, note 2.

<sup>2</sup> In his despatch No. 242 of May 5 to the Foreign Office, received June 9, Sir F. Lindley wrote that he had telegraphed to Mr. Royds to ask him whether he was in a position to confirm his previous report. Mr. Royds replied by telegram on May 5 that 'there had been no further newspaper reports on the subject of Kanto and no confirmation was available as great secrecy was maintained'.

No. 242

*Sir R. Vansittart to Sir F. Lindley (Tokyo)*

*No. 74 Telegraphic [F 3520/2931/23]*

FOREIGN OFFICE, April 20, 1932, 5 p.m.

Your despatch No. 147<sup>1</sup> (of March 18th).

I should be glad of your comments on enclosure.<sup>2</sup> Read with the one on which I have already communicated with you,<sup>3</sup> and on which your comments are awaited,<sup>4</sup> it inspires misgiving.

<sup>1</sup> This despatch, received April 19, had transmitted a copy of Seoul despatch No. 12 to Tokyo of March 11 relating to Japanese relief work for Korean refugees in Manchuria. Mr. Royds had reported therein that according to the local press 'the Government-General of Corea now intends to establish a branch office in Manchuria, and is believed at present to be discussing the matter with the Japanese Government. During the present unrest in Manchuria, temporary work of financial relief for Korean refugees returning there has been carried on by fifteen officials of the Government General, . . . Secretaries, Engineers, and Technical Experts and Assistants, and Interpreters, to the further number of about 50 men will have to be appointed to Manchuria, and a central organisation set up to control them. . . . This branch office of the Government General however, is to be kept entirely separate from the projected extension of the Government General's authority in Chientao.'

<sup>2</sup> Sir F. Lindley replied in his despatch No. 272 of May 21 (received June 18) that on receipt of this telegram No. 74 he had instructed the Counsellor of H.M. Embassy to make enquiries at the Japanese Foreign Office 'regarding the extensive measures' being taken, or contemplated, for the relief of Korean refugees returning to Manchuria. He enclosed two memoranda communicated in reply by Mr. Tani, Chief of the Asiatic Bureau of the Japanese Foreign Office. In a minute of June 22 on the file, initialed by Mr. Orde, Mr. Broad wrote: ' . . . as in the case of the Korean press reports to the effect that Chientao would become absorbed into Korea [cf. No. 241, note 2], the accounts of Japanese intentions as regards measures for the relief of Koreans seem also to have been exaggerated. P.B. 22/vi.'

<sup>3</sup> See No. 224.

<sup>4</sup> For Sir F. Lindley's comments, see *ibid.*, note 2, and No. 241.



No. 243

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received April 20, 12.20 p.m.)*  
*No. 198 Telegraphic [F 3575/1/10]*

TOKYO, April 20, 1932, 6.10 p.m.

Geneva telegram No. 32 to Shanghai.<sup>1</sup>

I fear it will be impossible to induce Japanese Government to accept judgment of any authority except themselves as to time when they can safely withdraw their troops. Everything points to their being firmly resolved not to do so.

Repeated to Shanghai.

<sup>1</sup> No. 231.

No. 244

*Mr. Patteson (Geneva) to Sir F. Lindley (Tokyo)*  
*No. 26 Telegraphic [F 3593/1/10]*

GENEVA, April 20, 1932, 11.10 p.m.<sup>1</sup>

Following from Secretary of State:—

Information has been received in Geneva to the effect that Lytton Commission are meeting with difficulties and obstructions from Japanese connected with present local authorities in Manchuria concerning their journey from Peking into Manchuria and free movement of both Commission and of their assessors while in Manchuria.<sup>2</sup> Commission desire to avoid being faced with an immediate crisis on a question of principle which might prevent their entry into Manchuria altogether and they are therefore doing their best to postpone the issue in order to try to treat these difficulties as local question[?] to be settled on the spot. It is of the highest importance that the Lytton Commission should not be prevented in any way from carrying out its very important functions in Manchuria. I feel sure that Japanese government share this view and that they exercise sufficient influence in Manchuria to prevent unnecessary obstacles being placed in the path of the Commission.

<sup>1</sup> Time of repetition as No. 170 L.N. to the Foreign Office (received at 9.30 a.m. on April 21).

<sup>2</sup> This information had been sent to the Secretary General of the League of Nations in a Shanghai telegram of April 18 from M. Haas, Secretary-General of the Lytton Commission. Sir Eric Drummond enclosed a copy of M. Haas's telegram in his letter of April 19 to Mr. Cadogan in which he said that he was perfectly certain that a word from the right quarter in Tokyo would remove all the difficulties. He added that he was 'writing a line in the same sense to Massigli [a member of the French delegation to the League of Nations] and Wilson [see No. 9]', but in a further letter on the same day remarked: 'On reconsideration I have thought it better not to suggest to Wilson that representations might be made in Tokyo, as it is a League Commission, and the United States, although approving it, did not formally participate in its constitution.'

I should be glad if you would make a representation on the subject to Japanese government in any form that you consider best calculated to achieve the end in view. I am hoping that similar instructions will be sent to your French colleague in which case you should concur [? concert] with him your action in the matter.<sup>3</sup>

Repeated to Shanghai and Foreign Office.

<sup>3</sup> The same day Sir Eric Drummond enquired of M. Litvinov whether Soviet officials in Manchuria might give evidence before the Commission. For this request and M. Litvinov's refusal on April 22, see *F.R.U.S. 1932*, vol. iv, pp. 7-8.

## No. 245

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 20, 5 p.m.)*  
*No. 300 Tour. Telegraphic [F 3588/1/10]*

SHANGHAI, April 20, 1932

Following received from Shanghai.<sup>1</sup>

Kuo returned to Shanghai from Nanking late last night and I have had long talk this morning April 20th.

I gave him substance of Geneva telegram No. 33<sup>2</sup> and he evidently anticipates acceptance by Nanking of draft resolution. He wishes to suspend re-opening of Shanghai discussions until resolution has been adopted.

2. I took an opportunity of mentioning to him the outstanding difficulty before the military sub-committee over the Japanese desire to see Chinese military positions fixed south of Suchow creek and got Colonel Badham-Thornhill to explain the points in detail in the hope that Kuo might be willing to direct Chinese representative on the sub-committee to seek some device by which Japanese desire could be met without infringing any sacrifice of principle.<sup>3</sup> Kuo evidently anticipates serious trouble over this but has agreed that Military Attaché and General Huang shall explore the possibilities before the next meeting of the sub-committee.

Repeated to Geneva, Peking, Mission and Tokyo.

<sup>1</sup> This sentence was evidently inserted at Geneva, whence this telegram was relayed to the Foreign Office at 4.10 p.m. on April 20.

<sup>2</sup> No. 236.

<sup>3</sup> The corresponding passage in Sir M. Lampson's account of this interview in his despatch No. 112 T.S. of April 29 (received May 27) read: 'some device which would meet the Japanese point of view without prejudice to the question of principle'.

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 10)**No. 210 [A 2837/312/45]*

TOKYO, April 20, 1932

Sir,

I have the honour to report that on the 5th instant the Japanese vernacular papers gave prominence to telegrams from Washington announcing that the House of Representatives had passed the Hare Bill relating to the independence of the Philippine Islands.<sup>1</sup> At the same time they published in Japanese the complete text of Colonel Stimson's letter to Senator Bingham<sup>2</sup> containing references to Japan and to the Far East which were bound to give rise to comment in this country.

2. According to the cabled reports, Colonel Stimson stated that the considerations which he had enumerated in his letter applied with tenfold force to the present moment when the state of affairs in the Far East was chaotic, when every element of stability was threatened and when 'out of the Orient may again come one of those historic movements which disturb the whole earth.' He is reported further to have written that the withdrawal of the United States would result ultimately in the domination of the Philippines by some foreign Power, probably either China or Japan.<sup>3</sup>

3. As a rule, American politics are followed with close interest by the newspapers of Japan, so that the comparative absence of editorial comment on the present occasion is noticeable and may be explained partly by the lack of detail reaching this country with regard to the Hare Bill and partly, perhaps, by a conviction that the independence of the Philippines is not brought measurably nearer to realisation by the passage of the Bill in the House of Representatives. Only two Tokyo newspapers made reference to the event in their editorial columns, and I have the honour to transmit herewith summarised translations<sup>4</sup> of the articles in question, from which it will be seen that the fact of the passing of the Hare Bill is of less interest than the remarks reflecting upon Japan which Mr. Stimson made in his letter to Senator Bingham. His pointed reference to the possibility, or even probability, of Japan's dominating the islands ultimately is characterised as a breach of international courtesy, and the 'Asahi' openly expresses its annoyance that Japan should be made the butt of suspicion whenever discussions of this and cognate subjects arise. The 'Nichi Nichi' makes a point, too,

<sup>1</sup> Cf. No. 179.<sup>2</sup> See *ibid.*, note 3.

<sup>3</sup> In an article in the *New York Tribune* of April 10, 1932 (copy received in the Foreign Office on May 2 as enclosure in Sir R. Lindsay's despatch No. 661 of April 20) Captain Dudley W. Knox, formerly of the U.S. Navy (cf. No. 361, enclosure, p. 445), argued that Mr. Stimson's recent references to Far Eastern developments implied that the United States had to consider whether she could continue to limit her naval bases in the Philippines in accordance with the Washington Treaty of 1922 for the Limitation of Naval Armament (Cmd. 1627, No. 1). Captain Knox advocated the development of a new naval base in the Sulu Archipelago.

<sup>4</sup> Not printed.

of Mr. Stimson's inconsistency in advocating the retention of the Philippines for purposes of national defence, while at the same time objecting to the action which Japan has been taking in Manchuria to the very same end.

4. The 'Jiji', which is considered to be the most balanced of all the Japanese newspapers, did not devote an editorial to the Independence Bill, but referred to Mr. Stimson's remarks in an article which was devoted entirely to an attack on the Secretary of State's alleged indiscretions in his handling of diplomatic affairs. The paper considered it to be amazing that an official in Mr. Stimson's position should adduce as one reason for his opposition to the Independence measure the groundless designs attributed to Japan.

5. Another telegram from Washington was published in the local press on the 7th instant reporting that a Japanese Government spokesman in Tokyo had informed a press correspondent that Japan would be willing to sign a treaty guaranteeing the independence of the Philippines if they were freed; and this statement had been described in the Senate by Senator Clarence C. Dill as the most important announcement concerning the Philippines since Admiral Dewey<sup>5</sup> sailed into Manila. The Senator is reported to have said, further, that it was evident that if the United States Government is really serious in its desire to free the Philippines, it could have the co-operation of one great Power in the Orient.

6. I have since learned that the spokesman of the Japanese Government referred to was Mr. Shiratori, the Director of the Information Bureau of the Ministry for Foreign Affairs; and it may be that his statement regarding Japan's readiness to sign a treaty guaranteeing the independence of the Philippines was no more than the expression of his individual opinion, for consumption in America, and was not based on any higher authority.

I have, &c.,

F. O. LINDLEY

<sup>5</sup> Commander of the American fleet which defeated the Spanish fleet at Manila on May 1, 1898.

## No. 247

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 63 Telegraphic [F 3612/1/10]*

*Confidential*

TOKYO, April 21, 1932, 3.30 p.m.<sup>1</sup>

Geneva telegram No. 26.<sup>2</sup>

Minister for Foreign Affairs informed me this afternoon that the efforts mentioned in my telegram 193<sup>3</sup> had been unsuccessful and that the Japanese Government had decided to undertake the protection of the Mission themselves. Instructions had been issued yesterday to the Japanese Consular

<sup>1</sup> Time of repetition as No. 201 to the Foreign Office (received at 5 p.m. on April 21).

<sup>2</sup> No. 244.

<sup>3</sup> See No. 218.

Officers in Manchuria by himself and to the Japanese troops by the General Staff to afford all facilities and full protection to the Mission during the programme which should be drawn up at Mukden. Minister for Foreign Affairs asked especially that the issue of these instructions should be kept strictly confidential. I have not therefore repeated this telegram since the Mission will find out the arrangements for themselves.

I shall see French Ambassador this evening.<sup>4</sup>

Repeated to Foreign Office No. 201.

<sup>4</sup> In telegram No. 65 of April 23 to Sir J. Simon at Geneva (repeated to the Foreign Office as No. 204, received 1.30 p.m. on that day) Sir F. Lindley reported, apparently with reference to his telegram No. 63, that the 'French Ambassador made representations yesterday and received same reply. Minister for Foreign Affairs added that he believed that difficulties were over.'

### No. 248

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 64 Telegraphic [F 3613/1/10]*

TOKYO, April 21, 1932, 3.30 p.m.<sup>1</sup>

Your telegram No. 25,<sup>2</sup> last paragraph, was so surprising to us that I asked Minister for Foreign Affairs this afternoon how the matter stood at Geneva. He said that the Japanese Government could not possibly admit right of Joint Commission to fix date for Japanese withdrawal as laid down in Article 11.

Repeated to Foreign Office and Shanghai.

<sup>1</sup> Time of repetition as No. 202 to the Foreign Office (received at 5 p.m. on April 21).

<sup>2</sup> The reference is uncertain, but may have been to the relay from Shanghai to Tokyo of No. 236.

### No. 249

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 89<sup>1</sup> Telegraphic: by wireless [F 3614/1/10]*

SHANGHAI, April 21, 1932

Military Attaché reports as follows April 21st.

Information regarding incidents said to be provoked by Japanese troops south of Suchow Creek continue[?] to be received by the neutral observers. Authentic reports confirm that Japanese patrols have penetrated into this area.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 301 Tour to the Foreign Office (received at 6.15 p.m. on April 21).

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*  
*No. 90<sup>1</sup> Telegraphic [F 3632/1/10]*

SHANGHAI, April 21, 1932

Geneva telegram No. 167 to Foreign Office.<sup>2</sup>

Kuo tells me that he understands that committee of 19 are working for some compromise acceptable to Japan over paragraph 11 and that it is likely to be some time before one can be reached. He himself evidently hankers after our old formula 2 (a) (see paragraph 9 of my telegraph No. 266 to Foreign Office)<sup>3</sup> but, paragraph 11 having been inserted in draft resolution, does not see how it is possible now to get back to that simple solution.<sup>4</sup>

2. I have agreed to travel with him to Nanking by river steamer on Friday<sup>5</sup> night so as to renew touch with Government leaders who are now all there. Kuo regards this as a useful and timely move at present juncture. If committee of 19 succeed in achieving compromise I could return here by air in two hours to put through final stages.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 302 Tour to the Foreign Office (received at 9.30 a.m. on April 22).

<sup>2</sup> See No. 236, note 4.

<sup>3</sup> No. 181.

<sup>4</sup> In his despatch No. 112 T.S. of April 29 (cf. No. 245, note 3) Sir M. Lampson reported more fully on these negotiations for the settlement of the Sino-Japanese conflict round Shanghai, the relevant passage here read: 'For the moment the deadlock was again complete, and that after a solution had been almost within our grasp; for I gathered from what Mr. Quo said that China had not, in fact, been looking for anything so far-reaching as paragraph eleven; the Chinese Government had referred to Geneva for an elucidation of the time-limit question, i.e. an interpretation of article 3 of the draft Agreement to help them *vis-à-vis* their own public; this they had secured in satisfactory terms in paragraphs 6, 7, and 8 of the draft Resolution, which declared that the withdrawal to the Settlement and Hongkew district should take place in the near future and that the Resolution of March 4th would only have been fully complied with when the Japanese forces had been completely withdrawn. Had it not been, therefore, for the inclusion in the draft Resolution of paragraph eleven, all might have been well, the Resolution accepted by both sides, and the agreement concluded. As it was, however, the Chinese could not be expected to refuse the gift offered them by the Committee of Nineteen, in the form of paragraph eleven or, with their appetites thus whetted, to refrain from fighting for its retention. On the other hand, it seemed inconceivable that the Japanese Government would agree to any such proposal, at least without some reservation that they would not be bound by the decisions of the Joint Commission, which in turn would stultify the arrangement from the Chinese point of view. In these circumstances, it seemed evident that, if any compromise was to be found, the necessary "lobbying" would have to be done in Geneva, Tokyo and Nanking. I therefore suggested to Mr. Quo that I should proceed forthwith to Nanking over the week-end to resume direct touch with the leaders of the Chinese Government there.'

<sup>5</sup> April 22.

No. 251

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 22, 7.5 p.m.)*  
*No. 304 Tour. Telegraphic: by wireless [F 3651/65/10]*

SHANGHAI, April 22, 1932

Kuo tells me during his recent visits to Nanking he was definitely instructed to arrange that friendly talks should be opened by local Chinese authorities for adjustment of outstanding problems with Settlement authorities. He has since approached me again and I gather there is some likelihood of initiative being taken in the near future by the Chinese side.

2. I do not wish to attach undue hopes to this but evidently our doctrine of friendly adjustment by sensible discussion and agreement is appreciated, Chinese side being well aware of ill advised suggestions till recently in British circles that Japanese victory should be exploited to extort terms from China. It now remains for our side to reciprocate sensibly and I have taken informal occasion to impress this upon Mr. Bell new Chairman of Municipal Council and formerly one of the most violent protagonists of policy of dictation, see my telegram No. 153.<sup>1</sup>

3. I have kept His Majesty's Consul-General fully informed throughout. Repeated to Peking and Mission.

<sup>1</sup> No. 20. In a speech to the Chamber of Commerce at Shanghai on April 21, Mr. Brenan referred to 'suggestions that we should throw in our lot with the Japanese and co-operate with them in bringing pressure to bear on the Chinese to grant an extension of foreign control in the Shanghai area' and indicated that 'the moment was singularly inopportune for making such a suggestion to the Western governments, who were already seriously alarmed at the lengths to which Japan had gone in that direction'. A copy of this speech was received in the Foreign Office on June 10 as enclosure in Peking despatch No. 505 of May 3.

No. 252

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*  
*No. 92<sup>1</sup> Telegraphic: by wireless [F 3662/1/10]*

SHANGHAI, April 22, 1932

On the afternoon of April 22nd I saw the Japanese Minister to inform him of my week-end visit to Nanking. This he like Kuo thinks may well prove useful.

2. In discussing draft of League resolution he confirmed that it was especially Article 11 that was objectionable to Japan—Japan would not object to periodical reports to their respective Governments (not to Geneva) by neutral members of the joint commission nor to their making *general* reports

<sup>1</sup> Repeated by wireless as No. 306 Tour to the Foreign Office (received at 9 a.m. on April 23).

or even suggestions to their Governments. But Japan could never agree to granting competence to an outside body to *decide* a time limit for withdrawal of Japanese troops. If difficulty proves insurmountable he could only suggest the two Governments should formally record points on which agreement had in fact been reached and adopt some 'agreed to differ' formula as regards agreement as a whole.

3. In discussion which flowed from this I suggested that by adding at the end of Annexe 4 following words both sides ought to be satisfied with [*sic*] 'and shall be authorised to call attention to any neglect in carrying out of provisions of [any of]<sup>2</sup> the 3 Articles mentioned above'. These words also to be incorporated into League resolution in place of the whole of present paragraph 11 which frankly no one much likes in its present form and which would then read 'is of opinion that powers as defined etc., etc. include authority<sup>3</sup> to call attention etc.'

4. Japanese Minister has promised me that he will support above wording and authorised me during the forthcoming visit to Nanking to work for Chinese acceptance. At the same time he particularly does not wish at this moment to start wiring to Tokyo upon it or canvassing his delegates. But he as good as promised he would get it through if Chinese could be induced to accept it as adequate from their point of view.

5. I have since seen Kuo who tells me he is personally in favour of suggestion which he will telegraph to Nanking in order that we may discuss it there together on arrival Sunday<sup>4</sup> morning.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>2</sup> Insertion is from Sir M. Lampson's despatch No. 112 T.S., see No. 250, note 4.

<sup>3</sup> In his despatch No. 112 T.S., *op. cit.*, Sir M. Lampson wrote: 'I substituted the word "authority" for "competence" because my Japanese Colleague for some reason or other did not like the latter.' For the draft paragraph 11 see No. 236, note 4.

<sup>4</sup> April 24. In his despatch No. 122 T.S. Sir M. Lampson reported more fully on this conversation with Mr. Quo Tai-chi which took place in the presence of Mr. Johnson (cf. *F.R.U.S.* 1932, vol. iii, pp. 720-1). Sir M. Lampson stated in particular: 'On Mr. Quo's arrival I explained to him the position and the details of the suggestion now put forward. In the course of the ensuing discussion Mr. Johnson strongly supported the new formula and gave it as his opinion that it contained in fact the substance, in vaguer phraseology, of the original paragraph eleven of the draft Resolution. Mr. Quo naturally pointed out the advantages, from the Chinese point of view, of the latter. We concurred, but observed that it nevertheless led nowhere if Japan could not be induced to agree. I also gave it as my opinion that it was most unwise to stress, as the second sentence of the original Geneva draft did, the fact that decisions of the Commission were to be taken by majority vote; we had managed to get this through in the negotiations without objections being raised by the Japanese military representatives, partly no doubt because the provision in question had been incorporated in the agreed Agenda, which had been negotiated without their being present; and I expressed my fear lest, if too much emphasis were laid on the point now, it would lead to a reopening of the whole question of the constitution and functions of the Joint Commission. After a full discussion Mr. Quo Tai-chi concurred.'



*Sir M. Lampson (Shanghai) to Sir J. Simon (Received April 26, 9 a.m.)*  
*No. 1 Tour. Saving. Telegraphic: by wireless [F 3740/16/10]*

SHANGHAI, April 22, 1932<sup>1</sup>

General Chao Vice Director of Aviation Bureau recently approached Mr. Ingram on alleged instructions of Chiang as to whether His Majesty's Government would be prepared to send a military aviation mission to China.

2. Bureau would like an arrangement whereby Chinese aviators would receive training in England and a mission consisting of a senior *officer* with all round knowledge and experience and of some 8 or more technical experts and mechanics pursuit [*sic*] bombing, observation, radio, air-photography etc. could be sent to help in training Chinese aviators out here—Mission would also be expected to advise on instruction in all phases of flying for all ranks from the beginning upwards.

3. General had in mind an agreement or contract to be concluded between the two Governments in Nanking as they had no one competent to negotiate in London. If His Majesty's Government were prepared to agree in principle he would like to be given some idea of the probable financial basis before consideration of details.

4. Mr. Ingram explained general outline of Naval mission and General thought something on similar lines would do. To the suggestion that we should probably expect a *quid pro quo* in the shape of some assurance that orders would be placed in England the General was non-committal but said he thought that this would follow as a matter of course.

5. Mr. Ingram subsequently mentioned the matter to Minister for Foreign Affairs and hinted that before it was referred to me he would like some confirmation. Minister for Foreign Affairs after reference to Chiang stated that matter was not pressing, but that Chiang hoped in due course to approach us through normal channel. In the meantime Minister for Foreign Affairs would like to know whether His Majesty's Government would be prepared in principle to send a mission subject to agreement of necessary details.

6. Disappointing as the results of Naval mission have been as regards orders I do not think this proposal should be ruled out for that reason. To present Chinese Government an efficient navy is a luxury which since the contract was signed<sup>2</sup> they had never been in a position to afford, but all factions in China are keenly interested in Aviation and there is a more or less constant demand for military aeroplanes and possibility of a *considerable* demand later on. If we had an air mission in Nanking we might reasonably expect something in way of orders from the start and possibility of opening up a large market for the future. Mission if successful might also have an influence on market for commercial aircraft. At any rate if refusal by us should lead Chinese Government to turn elsewhere for assistance, any hope for orders for our higher priced material would almost certainly have to be

<sup>1</sup> Date of drafting of telegram.

<sup>2</sup> On June 20, 1929.

abandoned. It might therefore be worth our while not to throw away this opening and to get in here even if it meant our people hanging on for a year or two with nothing much to show for it if only to avoid establishment of a mission by some other power which would close the door to us. It would be important however to get right type of man gifted with patience and common sense as head of mission who would take things as he found them and not expect too much to start with.

7. I do not recommend that we should dash in precipitately, but matter seems to me to deserve serious consideration and I suggest that we should show sufficient interest to keep offer open if possible.

8. If you agree it would be useful to know the lowest cost at which we could provide something that might satisfy the Chinese. An estimate might also be given of cost of sending out *nucleus* of a mission which could be expanded later. Alternatively I do not know if it might be possible for some of the experts asked for by Chinese to be civilians or whether in this case part of their expenses could be defrayed by British Aircraft manufacturers. Question of cost may be decisive.

Copies to Peking, Mission, Shanghai and Commercial Counsellor.

#### No. 254

*Mr. Holman (Peking) to Sir J. Simon (Received April 24, 9.30 a.m.*

*No. 211 Telegraphic: by wireless [F 3667/1/10]*

PEKING, April 23, 1932

Harbin telegram No. 47.<sup>1</sup>

His Majesty's Consul-General, Harbin, reports that following on withdrawal of Japanese troops from eastern section of Chinese Eastern Railway . . .<sup>2</sup> Kirin troops are occasionally active in Imienpo.

According to Japanese Consul-General, Harbin, General Ma left Tsitsihar for Taheiho some days ago. He recently telegraphed thence to Japanese military mission in Harbin that he would soon be returning to Tsitsihar but at the same time he appears to have been sending through Chinese Consul at Blagoveschensk telegrams to the Lytton Commission and to the League . . .ing<sup>3</sup> Japanese aggression.<sup>4</sup>

Repeated to His Majesty's Minister.

<sup>1</sup> See No. 216, note 4.

<sup>2</sup> The text is here uncertain.

<sup>3</sup> The text is here uncertain. It was suggested in the Foreign Office that the word should read 'denouncing'. Cf. No. 230.

<sup>4</sup> Cf. General Ma Chan-shan's telegram of April 14 to the Chinese delegation at Geneva printed in *F.R.U.S.* 1932, vol. iii, pp. 741-7.

No. 255

*Sir M. Lampson (Nanking) to Sir J. Simon (Geneva)*  
*No. 93<sup>1</sup> Telegraphic [F 3670/1/10]*

NANKING, April 24, 1932

My telegram No. 92.<sup>2</sup>

It is most desirable that this affair be quickly settled. During the past few days there have been increasingly frequent outpost incidents with minor Japanese casualties.<sup>3</sup> If this continues there is an obvious risk of untoward developments though I certainly do not anticipate fighting on a large scale . . .<sup>4</sup> in the interests of all and of re-establishment of normal conditions in Shanghai no effort should be spared to enable agreement to be signed *by the end of the present week*.

2. I am convinced that if strong drive is made on some such lines as I suggested in my telegram under reference the thing will go through, for both Chinese and Japanese undoubtedly wish to sign. But Chinese will *not* re-open local negotiations here until Geneva has put through its side of the affair. May I urge that strongest attempt be made to get resolution adopted within the next two days?

Repeated to Peking, Shanghai, Commander-in-Chief and Tokyo.

<sup>1</sup> Repeated by wireless as No. 307 Tour to the Foreign Office (received at 6.20 p.m. on April 24). For Sir M. Lampson's visit to Nanking see No. 250 and No. 266 below.

<sup>2</sup> No. 252.

<sup>3</sup> Mr. Brennan's telegram No. 50 of April 24 to the Foreign Office (F 3666/1/10) mentioned an 'authentic instance of more serious clash than usual involving 40 to 50 men each side' on April 21, east of Taitsang, and also the departure to Japan on April 23 and 24 of the 7th company of the naval landing party and some special units.

<sup>4</sup> The text is here uncertain. Another text of this telegram here read: 'scale. In the'.

No. 256

*Sir M. Lampson (Nanking) to Sir J. Simon (Received April 25, 9.30 a.m.)*  
*No. 309 Tour. Telegraphic: by wireless [F 3753/27/10]*

NANKING, April 24, 1932

Following received from Amoy April 23rd.

Addressed to His Majesty's Minister and Peking No. 5.

Your telegram No. 1.<sup>1</sup>

British, Japanese and American Naval Officers today agreed on a joint plan for defence of life and evacuation if necessary.<sup>2</sup>

<sup>1</sup> Untraced in Foreign Office archives.

<sup>2</sup> Amoy telegram No. 6 of April 24 to Peking (repeated to the Foreign office in Peking telegram No. 218 of April 27) reported that 'Forces in control of Changchow [see No. 238, note 1] are definitely communist. . . . Communists are also in occupation of Shima half-way between Changchow and Amoy.' For the joint plan, cf. *F.R.U.S. 1932*, vol. iv, pp. 500-1.

In the event of Amoy being occupied by Communist forces I conceive we would be justified in defending the Settlement against any attack. We are prepared meanwhile to take action which could be carried out with forces at our disposal but complete co-operation of powers represented here would naturally be essential. Failing such co-operation evacuation would become necessary.

I shall be grateful for your instructions.

No. 257

*Sir M. Lampson (Nanking) to Sir J. Simon (Geneva)*

*No. 95<sup>1</sup> Telegraphic [F 3720/1/10]*

NANKING, April 25, 1932

My telegram No. 92.<sup>2</sup>

I discussed new formula with Minister for Foreign Affairs on April 24th. He saw no objection to proposed addition to annex 4 but as regards amendment to paragraph 11 of Resolution he pointed out that China having accepted Resolution it was not for him but for the Committee of 19 to undo the work done. If however Committee decided to propose (? new) wording he would personally be in favour of accepting amendment but he could not speak officially on the point until he had consulted his government to whom matter would at once be referred. Alternatively paragraph 11 might be deleted from the Resolution altogether.<sup>3</sup>

Repeated to Foreign Office, Peking, Tokyo, Shanghai and Commander-in-Chief.

<sup>1</sup> Repeated by wireless as No. 311 Tour to the Foreign Office (received at 9.30 a.m. on April 26).

<sup>2</sup> No. 252.

<sup>3</sup> Sir M. Lampson gave a fuller account of this interview with Dr. Lo Wen-kan in his despatch No. 112 T.S. (see No. 250, note 4) and recorded that later the same evening Dr. Lo repeated his assurance that he would do his best to secure the acceptance of the new proposals by the Chinese Government and 'also drew my attention to another aspect of the situation, namely, that the nineteenth Route Army, having been rested and reorganised, felt themselves to be anything but a beaten force, that their *morale* was almost embarrassingly high, and that they were longing to try conclusions again with the Japanese forces. This was confirmed by the reports of Captain Stables, the British military observer behind the Chinese lines at Soochow; while the increasing frequency of outpost clashes between the opposing forces emphasized the desirability of the early conclusion of the Agreement if a settlement was to be reached at all.'

No. 258

*Sir M. Lampson (Nanking) to Sir J. Simon (Geneva)*  
*No. 96<sup>1</sup> Telegraphic [F 3702/1/10]*

*Immediate*

NANKING, April 25, 1932

My telegram No. 95.<sup>2</sup>

If following paragraph is proposed by Committee of nineteen in place of paragraph No. 11 of draft resolution, Chinese Government will accept it: '(11) Is of opinion that the powers, as defined in annex of resolution to<sup>3</sup> draft agreement, of (? commission) which is to watch the carrying out of Articles 1, 2 and 3 of the agreement include authority to call attention, in accordance with its decision[s] taken in such manner as is provided in the said annex, to any neglect in the carrying out of any of the provisions of the Articles mentioned above.' . . .<sup>4</sup> last paragraph of annex 4 would be as in my original proposal namely 'and if authorised call attention to any neglect in carrying out of provision 3 of articles mentioned above'.<sup>5</sup>

2. In informing me of above today Wang C.W. and Minister for Foreign Affairs made it clear that they represent China's last word and limit of concessions she will make. New formula is being telegraphed to Yen this evening.

Repeated to Peking, Tokyo, Shanghai, Foreign Office and Commander-in-Chief.

<sup>1</sup> Repeated by wireless as No. 312 Tour to the Foreign Office (received at 3.50 p.m. on April 25).

<sup>2</sup> No. 257.

<sup>3</sup> The text here appears to be corrupt: the corresponding passage in Sir M. Lampson's despatch No. 112 T.S., *op. cit.*, read: 'in Annex IV to the draft agreement'.

<sup>4</sup> The text is here uncertain.

<sup>5</sup> This quotation is corrupt: cf. No. 252, paragraph 3.

No. 259

*Mr. Patteson (Geneva) to Sir M. Lampson (Nanking)*  
*No. 12 Telegraphic [F 3714/1/10]*

GENEVA, April 25, 1932, 8.25 p.m.<sup>1</sup>

Your telegram No. 96.<sup>2</sup>

I assume the text of new paragraph in paragraph 1 of your telegram under reference replaces only first paragraph of Article 11 of draft resolution and that second paragraph, 'hopes' to 'casting vote' rests. Chinese delegate has always attached greatest importance to this paragraph and it has been accepted by Japanese.

Repeated to Foreign Office and Tokyo.

<sup>1</sup> Time of repetition as No. 180 L.N. to the Foreign Office (received at 9.30 a.m. on April 26).

<sup>2</sup> No. 258.

No. 260

*Sir M. Lampson (Nanking) to Sir J. Simon (Geneva)*

*No. 97<sup>1</sup> Telegraphic [F 3741/1/10]*

NANKING, April 25, 1932

Repeated to Peking, Shanghai, Commander-in-Chief, Foreign Office, Tokyo.

My telegram No. 96.<sup>2</sup>

I am telegraphing to United States Minister at Shanghai<sup>3</sup> and suggesting he informs Japanese Minister of the position and urge[?] him to do his best to secure acceptance of formula by Japanese government with the least possible delay. Perhaps His Majesty's Ambassador will put in a word at Tokyo if he deems it opportune to do so. I have every reason to believe that we have brought Chinese government along as far as they can be induced to go and that this is their last word.

<sup>1</sup> Repeated by wireless as No. 313 Tour to the Foreign Office (received at 6.35 p.m. on April 26).

<sup>2</sup> No. 258.

<sup>3</sup> *F.R.U.S.* 1932, vol. iii, p. 724.

No. 261

*Sir M. Lampson (Nanking) to Mr. Jamieson (Amoy)*

*No. 4<sup>1</sup> Telegraphic [F 3742/27/10]*

NANKING, April 25, 1932

My telegram No. 2.<sup>2</sup>

I spoke to Minister for Foreign Affairs on this on April 25th and informed him of instructions issued to you. I requested him to notify local authorities and impress upon them . . .<sup>3</sup> situation and undesirability of a clash which I was as anxious to avoid as I was sure he was.

2. He took note and promised to telegraph at once to the local authorities.<sup>4</sup>

Repeated to Commander-in-Chief, Peking, Foreign Office and Shanghai.

<sup>1</sup> Repeated by wireless as No. 316 Tour to the Foreign Office (received at 6.35 p.m. on April 26).

<sup>2</sup> See No. 264 below.

<sup>3</sup> The text is here uncertain. It should probably read: 'the gravity of the situation' as in the corresponding passage in the full account of this conversation transmitted to the Foreign Office in Sir M. Lampson's despatch No. 100 Tour of April 24 (received May 20).

<sup>4</sup> In his despatch, *op. cit.*, Sir M. Lampson reported that Dr. Lo Wen-kan and the Administrative Vice-Minister for Foreign Affairs, Mr. Hsu Mo, did not demur to his statement that the Kulangsu settlement would be defended.

No. 262

*Mr. Holman (Peking) to Sir J. Simon (Received June 1)*

*No. 472 [F 4585/1/10]*

PEKING, April 25, 1932

His Majesty's Minister, Peking, presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and transmits herewith two copies of the undermentioned paper.

*Name and Date*

From H.M. Consul-General at  
Shanghai, despatch No. 173 of  
18/4/32.

*Subject*

Sino-Japanese Dispute.

ENCLOSURE IN NO. 262

*Mr. Brenan (Shanghai) to Sir M. Lampson*

*No. 173*

SHANGHAI, April 18, 1932

Sir,

With reference to my despatch Number 162<sup>1</sup> of April 7th., reporting the establishment of a Chinese administration in Chapei under Japanese protection, I have the honour to inform you that the regime in question proved to be short-lived, and was closed by the Japanese themselves on April 11th. This action was reported in a communiqué issued by the Japanese Naval Landing Party Headquarters on April 12th. which stated:

'On April 11th. naval headquarters caused the so-called Northern District Peace Preservation Committee to cease its activities and to close its offices at Min Li Road on the grounds that the activities have been found to be in contradiction to public interests.'

The closure was effected by a party of sixty Japanese soldiers who evicted all officials remaining on the premises and placed a guard over the building.

2. The sudden end of this 'puppet' administration was apparently due to the fact that its Japanese sponsors felt that its activities were bringing too much discredit on themselves. As reported in my despatch under reference, the officials financed themselves by levying fees on persons removing goods from Chapei, and it appears that these powers gradually came to be exercised indiscriminately by all employees of the new administration, including the ex-coolies who had been enrolled as constables. In addition it is reported that considerable sums were derived from the operation of opium and gambling dens in the area under the administration's control. I am informed by Mr. O. K. Yui, Chief Secretary of the City Government of

<sup>1</sup> Not printed.

Greater Shanghai, that it had not been possible to execute the warrants issued for the arrest of the leaders of the Chapei regime, and he did not consider that the Municipality's order<sup>2</sup> had been responsible in any way for the closure of the administration.

3. A subsequent report that the 'Peace Preservation Committee' had established itself in new premises in another part of Chapei proves to have been unfounded, and the administration of the Chapei area is now carried out directly by the Japanese naval and military authorities. In a recent conversation, however, the Mayor told me that the Japanese were trying to make other municipal arrangements with the help of Chinese residents.

I have, &c.,  
J. F. BRENNAN

<sup>2</sup> In his despatch No. 162 Mr. Brennan had reported that the Mayor of Greater Shanghai had expressed his disapproval of the new administration 'by ordering the arrest of any of the new officials immediately they set foot on Chinese Municipal controlled territory'.

### No. 263

*Mr. Patteson (Geneva) to Sir R. Vansittart (Received April 27, 9.30 a.m.)*  
*No. 185 L.N. Telegraphic [F 3750/1/10]*

GENEVA, April 26, 1932, 11.40 p.m.

Following from Mr. Cadogan.

Committee of 19 met in private this afternoon. After the president had recounted failure of the Japanese Government to accept draft resolution of April 19th the British delegate explained the course of Sir M. Lampson's negotiations and communicated solution suggested in his telegram No. 96.<sup>1</sup> The Japanese delegate having previously informed the president that instructions of his Government would be received April 27th it was generally agreed that further discussion should be postponed. The Committee will meet again in private April 28th to learn the decision of the Japanese Government. If this is favourable it seems likely that amended draft resolution will be adopted at a public meeting to be held before the end of the week.

The Committee's report to Assembly [? is] to be considered at meeting on April 28th. It is not anticipated that a meeting of Assembly will be called though some of the delegates desired that decision on this point should be left open.

Repeated to Shanghai and Tokyo.

<sup>1</sup> No. 258.



No. 264

*Sir M. Lampson (Nanking) to Mr. Jamieson (Amoy)*

*No. 2 Telegraphic [F 3754/27/10]*

Your telegram No. 5 to Peking.<sup>2</sup>

NANKING, April 26, 1932<sup>1</sup>

Situation seems essentially covered by paragraph 3A of Commander-in-Chief's memorandum No. 01705<sup>3</sup> of May 14th 1930 to Senior Naval Officers copies of which were sent direct to all Consuls at coast and river ports (see Circular to Consuls No. 58, June 5th 1930).<sup>3</sup>

2. We must be careful not to become involved in what may prove to be a factional rather than a genuine Communist affair and antecedents of General Sun Liang-hung<sup>4</sup> are not Communistic. But should a real attack threaten Kulangsu I should, subject to the concurrence of Commander-in-Chief favour defence of Settlement *provided* American co-operation is assured.<sup>5</sup> Kulangsu being an island I cannot believe it will in fact be attacked if it is sufficiently known in advance that it will if necessary be defended.

3. You will of course do your best to maintain close relations with local Chinese authorities whoever they may be and seek to ensure that they act up to their responsibilities, if necessary give them a friendly warning of what neglect to do so may entail.

4. I am informing Minister for Foreign Affairs today of these instructions to you which I am also repeating to Commander-in-Chief.<sup>6</sup>

Repeated to Commander-in-Chief Peking Foreign Office and Shanghai.

<sup>1</sup> Date of repetition by wireless as No. 310 Tour to the Foreign Office (received at 9.45 p.m. on April 26). This telegram was probably addressed to Amoy on April 25, the date on which Sir M. Lampson spoke to Dr. Lo Wen-kan, see No. 261.

<sup>2</sup> See No. 256.

<sup>3</sup> Not printed.

<sup>4</sup> Presumably a reference to General Sun Lien-chung [? Yen-chung]; cf. No. 238, note 1.

<sup>5</sup> Sir M. Lampson reported in his despatch No. 108 Tour of April 26 (received May 20) that the situation at Amoy was discussed by the Ministers at Shanghai on April 26, when Mr. Johnson stated that he had informed the State Department that he approved the proposed scheme for protecting life and property (cf. No. 256, note 2) but had not understood that the Settlement was to be defended. The meeting reached no conclusion but 'Mr. Johnson appeared tacitly to acquiesce in the idea of defending the Settlement in the unlikely event of its being seriously attacked'.

<sup>6</sup> See No. 261. The Commander-in-Chief telegraphed on April 27 to Sir M. Lampson his entire agreement with the action proposed in Nanking telegram No. 2 to Amoy.

No. 265

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 100<sup>1</sup> Telegraphic [F 3743/1/10]*

Your telegram No. 12 to Nanking.<sup>2</sup>

SHANGHAI, April 26, 1932

No: my idea was as stated in paragraph 3 of my telegram No. 92 to

<sup>1</sup> Repeated by wireless as No. 317 Tour to the Foreign Office (received at 6.35 p.m. on April 26).

<sup>2</sup> No. 259.

Geneva<sup>3</sup> that my proposed formula should replace *whole* paragraph 11 of draft resolution. Since then Chinese have agreed to substitute for *whole* paragraph 11 as originally drafted new wording contained in my telegram No. 96,<sup>4</sup> the point you mention being covered by addition to my formula of 'in accordance with its decisions taken in such manner as is provided in the said annex'.

Repeated to Foreign Office, Peking, Mission, and Tokyo.

<sup>3</sup> No. 252.

<sup>4</sup> No. 258.

### No. 266

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 101<sup>1</sup> Telegraphic [F 3769/1/10]*

SHANGHAI, April 26, 1932

My telegram No. 100.<sup>2</sup>

Immediately on return to Shanghai today April 26th and with the concurrence of my interested colleagues I told the Japanese Minister of the results of my discussions at Nanking. I explained the exact procedure to which the Chinese had now agreed i.e. addition of proposed words to annex 4 of agreement and amendment to paragraph 11 of draft resolution; see my telegram No. 96<sup>3</sup>—and I handed him text of new wording for paragraph 11 contained in my above telegram.

2. Japanese Minister was obviously relieved at this development and said he would at once telegraph urgently to Tokyo supporting immediate acceptance by the Japanese Government and issue [?] instructions to that effect to the Japanese delegate at Geneva. He mentioned casually the point referred to in your telegram No. 12 to Nanking,<sup>4</sup> but I urged that it would simplify matters if the new text given in my telegram No. 96 could now be substituted by mutual consent for *whole* of paragraph 11 though it did not seem to matter much provided the first part of the paragraph were amended in accordance with the new wording.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 318 Tour to the Foreign Office (received at 6.30 p.m. on April 27).

<sup>2</sup> No. 265.

<sup>3</sup> No. 258.

<sup>4</sup> No. 259.

No. 267

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*  
*No. 102<sup>1</sup> Telegraphic [F 3770/1/10]*

SHANGHAI, April 26, 1932

My immediately preceding telegram.<sup>2</sup>

*Confidential.*

Minister for Foreign Affairs<sup>3</sup> purposely did not refer to the difficulty of the Chinese military positions south of Suchow Creek as my colleagues had agreed with me beforehand that it was tactically better to leave this over until the major difficulty above has been surmounted. In case of need we all four agree that we may have firmly to intimate to the Japanese Minister that Japan has no case and will be ill-advised to dismiss an otherwise complete agreement on that account.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 319 Tour to the Foreign Office (received at 6.30 p.m. on April 27).

<sup>2</sup> No. 266.

<sup>3</sup> 'Minister for Foreign Affairs' may have been in error for 'I'.

No. 268

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*  
*No. 66<sup>1</sup> Telegraphic [F 3749/1/10]*

TOKYO, April 26, 1932

Sir M. Lampson[? s] telegram No. 97.<sup>2</sup>

I saw Mr. Matsuoka this afternoon and he promised to use his influence in persuading the Japanese Government to drop insistence on declaration mentioned in Sir M. Lampson's telegram No. 98.<sup>3</sup>

I then saw the Minister for Foreign Affairs and gave him formula for Article 11 contained in Sir M. Lampson's telegram No. 96.<sup>4</sup> I told him that it would be preposterous if negotiations broke down over proposed declaration by Chinese which had no practical importance and constituted humiliation which no Chinese Government could accept. He knew as well as I that those who signed the agreement would in any case incur great odium in China. Moreover, though there was no intention of coercing Japan, he must

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 207 to the Foreign Office (received at 9.45 p.m. on April 26). <sup>2</sup> No. 260.

<sup>3</sup> The reference is uncertain: no telegram of this number from Nanking to Geneva appears to have been repeated to the Foreign Office. Cf., however, No. 274 below, paragraphs 3 and 4, for the Chinese Government's attitude towards a declaration relating to Chinese troop positions.

<sup>4</sup> No. 258.

remember that she had roused world wide resentment by her destruction at Shanghai and it was in her own interest to be conciliatory, especially when it cost her nothing. There was no possibility of revival of business until the armistice was signed and a fresh clash might take place at any moment so long as troops were in contact.

The Minister for Foreign Affairs had not seen the latest formula for Article 11 and said he would examine it at once with his colleagues. I am pretty sure that he agreed with my views as regards declaration and will use all his influence to settle on the lines now proposed.

The Minister for Foreign Affairs mentioned Committee of 19 whose activities have been much criticised in the press. He agreed with me that it was out of the question that Committee could dissociate itself from armistice agreement and suggested that if terms were not<sup>5</sup> satisfactory to Japanese Government agreement should be signed at Shanghai and that Japanese Government should make a declaration to the Committee that they hoped that terms were satisfactory to the latter. I said that idea appeared appropriate.

Minister for Foreign Affairs expressed warm appreciation of efforts of Sir M. Lampson.

I made it clear that I was speaking without instructions.

Repeated to Foreign Office No. 207 and Shanghai.

<sup>5</sup> This word was later amended to read 'now'.

## No. 269

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 67<sup>1</sup> Telegraphic [F 3745/1/10]*

*Immediate*

*TOKYO, April 26, 1932*

Repeated to Foreign Office No. 208 and Shanghai.

My immediately preceding telegram.<sup>2</sup>

I saw Minister for Foreign Affairs again tonight. He informed me he had persuaded Minister for War<sup>3</sup> to accept proposals and hoped to get instructions off tonight. Minister of Marine had still to be consulted but he considered this merely formality.

I cannot too strongly urge that this opportunity be seized to settle.

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 208 to the Foreign Office at 8.18 p.m. (received at 9.20 p.m. on April 26).

<sup>2</sup> No. 268.

<sup>3</sup> General Araki. In his despatch No. 229 of April 27 to the Foreign Office (received May 24) Sir F. Lindley referred to two speeches made by the Minister for War, on April 20 and 22, at meetings organized by the Kokuhon-sha, 'a patriotic society devoted to the propagation of nationalistic ideas'. General Araki, according to press reports, had said: 'No matter what the League says, how America interferes, how Russia stirs up trouble, what China cries out, there is absolutely no need for us to listen.' He had also observed that it had become impossible for Japan in all cases to follow the dictates of the League and had said that Japan must be 'fully prepared in the event of possible contingencies'.

No. 270

*United Kingdom Delegate (Geneva) to Foreign Office (Received April 29)*  
*No. 111 [F 3796/1/10]*

GENEVA, April 26, 1932

The British Delegate to the League of Nations presents his compliments, and has the honour to transmit copies of the undermentioned document.

<i>No. and Date</i>	<i>Subject</i>
Communicated by a member of the Secretariat of the League of Nations, April 22.	Position in Manchuria: note of conversation with Karl Radek. <sup>1</sup>
Minute by Sir J. Pratt, April 23.	

ENCLOSURE I IN No. 270

*Confidential*

*April 20, 1932*

*Note of a conversation with Karl Radek*

Radek told me that the Soviet Government were getting extremely anxious about the position in Manchuria and feared war with Japan in the near future. The Soviet Union could not and would not adopt the position of fighting to maintain its interests in North Manchuria so as to appear as an imperialist rival of Japan in the South. But, on the other hand, it was difficult to submit to Soviet *employés* being driven out, arrested or even killed along the Chinese Eastern Railway by White Russians and Chinese acting under Japanese orders, and his Government were convinced that the Japanese would treat the seizure of the Chinese Eastern Railway as the first step to actual invasion of Soviet territory. He believed Japanese military circles had from the beginning been determined to gain a firm hold on North Manchuria, which contained most of the richest natural resources of Manchuria and to pick a quarrel with the Soviet Union in order to consolidate their position in a war.

He thought another motive was the desire to regain popularity for Japan, since if Japan fought the Soviet Union the capitalist world would be on her side. He was convinced that if hostilities did break out Poland and Roumania would come in on the side of Japan. This would lead to complications in Europe to which it was impossible to foresee any limit.

He complained bitterly of the absence of diplomatic relations with the United States; if only there were normal relations the Americans, who appeared anxious that the Chinese, the Russians or anyone else should fight the Japanese for them, might use their diplomatic influence to keep the European states neutral.

<sup>1</sup> A member of the editorial panel of *Izvestiya*. Copies of this note were sent, on May 30, to H.M. Embassies at Tokyo and Moscow, and to H.M. Legation at Peking, under Foreign Office despatches Nos. 395, 357, and 488 respectively.

The Soviet Union had spent milliards of roubles in the last seven months to prepare against a danger it foresaw from the outset of the conflict. These preparations had strained the country's resources, and compelled the government to alter its five year plan. The whole programme for the metallurgical industry had been changed owing to production for war purposes. They had stored enough stocks of corn to feed the army for a year, and this and the necessity for transporting supplies to the Far Eastern army accounted for the present food shortage and general tightening of conditions.

They had concentrated the flower of their forces in the East—he did not give a number, but another member of the delegation told me previously that they had 300,000 men in the East. This figure is probably exaggerated.

Radek said their principle was to have as few men and as many and as up-to-date machines as possible in their Far Eastern forces. They were particularly strong in tanks and aeroplanes.

Whereas Japan could produce only about 300 planes a year, the Soviet Union could produce over 1,000. Moreover, owing to the hilly nature of Japan, it was difficult to give the Japanese aviators proper training, and the Japanese Air Service was poor. The Russian, on the other hand, was good (a member of the Swedish Delegation told me that the Swedish General Staff considered that the Russian Air Force was the strongest in Europe).

If the Japanese did start trouble, the first thing that would happen would be that the bridges and tunnels of all the railways in Manchuria would be blown up. The Russians had a big fleet of long-range bombing planes in Vladivostok, and these would immediately bomb the Japanese naval bases and carry out a raid on Tokio. Japanese cities being built of paper, such bombing would have the most disastrous effect.

In the view of the Soviet Government, the Japanese army was poor, for modern armies required a high initiative in the soldiers, whereas the Japanese were trained merely to obey blindly.

The Russian Far Eastern army was commanded by General Galen (Bluecher), an ex-workman who took a prominent part in raising and training the Kuomintang army, and led it in 1926 from Canton to Hankow. The Chief of Staff was Putno, a graduate of the Academy of Arts who had been military attaché in Tokio.

Radek hoped that the very real and efficient preparations that the Soviet Government had made for defence would give pause to the Japanese militarists, but he did not feel very hopeful. Whereas some months ago the Japanese could believe that an invasion of Soviet territory would merely lead to local hostilities, they must realise now that any such action would let loose a real war. But the Soviet Union was determined to remain strongly on the defensive, for it considered its five-year plan more important than anything else, and would not shed the blood of the workers for any material interests in Manchuria. If there were a genuine revolutionary movement there, that of course would be a different matter.

Discussing the situation in Manchuria, he said that if the Japanese were astute enough to look after the interests of the peasants and make them

secure on the land they held precariously under the tyrannical and corrupt government of Chang-hsueh-liang, they might establish a tyranny. But this was a mere theoretical possibility, for the whole object of the Japanese invasion was to exploit the peasantry and the Japanese policy quite clearly was to reduce the peasants to the status of mere tenants on the widest possible scale, substitute Japanese land-owners for the former war-lords, thus creating a tyranny which was not only more efficient than that of the former government, but was an alien tyranny to boot, and so would combine against it both nationalism and the land-hunger of the peasants. He did not believe the Kuomintang were capable of launching a mass movement to exploit the social and nationalist discontent. It was the Communists who had told the Kuomintang how to organise and conduct the mass movement, and unless the alliance with the Communists were strengthened on the left wing and the Kuomintang regained strength and vitality, nothing of the sort would be done by the Kuomintang.

He was convinced that if Japan did start war with Soviet Russia, the matter would end with a revolution in Japan.

ENCLOSURE 2 IN No. 270

*Minute by Sir J. Pratt*

*Copy*

GENEVA, April 23, 1932

We have no means of checking actual figures but our information tallies generally with that contained in this paper. We know, for example, that Russia has been concentrating large forces in the Far East and that the Japanese have a poor reputation as airmen. On the other hand, Mr. Radek proceeds on the assumption that Japan, after seizing the Chinese Eastern Railway would proceed to invade Soviet territory. It is not certain that this will happen. Personally, I am inclined to believe that Japan will have the wisdom to stop short at the Amur river, in which case none of the alarming developments contemplated in this paper will take place.<sup>2</sup>

The Chinese Eastern Railway is a *damnosa hereditas*<sup>3</sup> which has come down to the Soviets from Czarist Russia. It was a wild and reckless military adventure that never brought any additional strength or profit to Russia but was, on the contrary, a running sore and a source of weakness. This kind of adventure, however, is one that it is extremely difficult to liquidate. The only course open to Soviet Russia, at the cost of a certain temporary humiliation, is to abandon the Chinese Eastern Railway and retire behind her natural frontier the Amur river, thus leaving Japan and China face to face in Manchuria. If the Japanese were to follow the Russians across the Amur river into Siberia that would mean certain and speedy suicide but I doubt whether they have any such intention. The climate alone would defeat them.

<sup>2</sup> This expectation was, in general, endorsed in the Foreign Office.

<sup>3</sup> Ruinous inheritance.

I doubt whether the passage at the bottom of Page 3<sup>4</sup> is a correct prognostication of Japanese policy in Manchuria. It seems more likely that they will endeavour to establish a thriving and industrious peasantry in Manchuria as they have done in Korea. Discontent will not be due to exploitation by Japanese landlords but to the resentment caused by the petty tyrannies of Japanese police and functionaries generally.

J. PRATT

<sup>4</sup> i.e. the beginning of the penultimate paragraph of enclosure 1.

**No. 271**

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received June 14)*

*No. 101 T.S. [F 4807/451/10]*

SHANGHAI, April 26, 1932

Sir,

I have the honour to refer to Mr. Dening's despatch No. 42 from Dairen to His Majesty's Ambassador at Tokyo<sup>1</sup> regarding smuggling from the Kwantung Leased territory into Manchuria, a copy of which will no doubt have been forwarded direct by Sir Francis Lindley.

2. On my instructions a copy of the above despatch was shown confidentially to the Inspector-General of Customs here, and Mr. Stirling also discussed the question with Mr. Forbes, the (British) Preventive Secretary of the Customs. Mr. Forbes produced a number of Customs reports bearing on the subject, the substance of which it may be of general interest to record in so far as it supplements the information contained in Mr. Dening's despatch.

3. It appears that smuggling from the leased territory into Manchuria and China proper has for some time been troubling the Chinese Maritime Customs. The territory provides a very convenient base for smuggling operations, since it is sparsely inhabited and policed, and the coastline contains many inlets accessible to junks.

4. In January 1931 the Kwantung Government (which by the Agreement of 1907 is responsible for the prevention of smuggling from the Territory) published an ordinance making it an offence for Japanese subjects to smuggle goods into Manchuria. This resulted in a temporary improvement but the situation has not unnaturally deteriorated again since last September. In response to representations by the Chinese Maritime Customs, the Japanese authorities recognise their obligations under the 1907 Agreement, but maintain with some show of reason that it is difficult for them to carry them out effectively owing to the nature of the country, the depletion of their police force (many of whom have been sent into Manchuria since the troubles there) and similar causes: they say that to catch the smugglers in the circumstances demands the greatest energy and enthusiasm on the part of the police which (they rather naïvely point out) the latter cannot be expected to show on behalf of the Chinese Government in present conditions.

5. According to Mr. Forbes however the greater part of the smuggling is

<sup>1</sup> Enclosure 1 in No. 222.



carried on by junk from the Leased Territory to the Hopei and Shantung coasts. To counteract this, preventive measures are being undertaken in China proper, by means of which the Customs are fairly confident that they will be able to get the situation under control. Revenue cruisers have been visiting parts of the coast where Customs officers have not previously operated and have seized a number of junks. The seagoing population of this northern coast are in general fairly law-abiding and Mr. Forbes considers that, now that the Customs Regulations have been brought home to them in this way, the trouble should greatly diminish.

6. Mr. Forbes also showed to Mr. Stirling a report on the smuggling at Antung, which I understand has formed a subject of despatches from His Majesty's Consul-General at Mukden, copies of which have not reached me owing to my absence from Peking (see paragraph 9 of Mr. Dening's despatch under reference).

7. According to the latest despatch received from the Commissioner of Customs, the illicit transport of goods across the Korean frontier at Antung (which is carried on both by carts, rickshaws, etc., down the South Manchurian Railway embankment and by boats or sledges over the Yalu river) has lately reached such proportions that it is less correctly described as smuggling than as 'the evasion of duty payment by *force majeure*'. The loss of revenue through this illicit traffic during 1931 is estimated by the Customs at Yen 950,000. The value of goods declared for export to Antung at the Korean Customs station at Shingishu during the year was Yen 5,879,000 and of cargo imported through the Chinese Maritime Customs at Antung only Yen 772,000. The value of cargo illicitly imported was therefore Yen 5,107,000. This enormous figure actually exceeds by very little the Customs estimate of goods smuggled in 1929, two years previously, but, according to their returns, most of the cargo which paid duty last year was imported during the summer months, when smuggling decreased owing to the activity of the Japanese police; and since the incidents of last September the trouble, here as in the Leased Territory, has been growing.

8. The Inspectorate-General have however just received telegrams stating that (as a result apparently of a Conference of Japanese Consular and other officials in Mukden)<sup>2</sup> the smuggling at Antung has been abruptly stopped—as the Customs always knew it could be stopped by energetic action on the part of the Japanese Authorities. The reason for this sudden reversal of the situation is a matter of conjecture. Possibly it was felt that the scandal was becoming too great. Possibly the Japanese merchants interested in legitimate trade with Manchuria, whose interests were suffering from the competition of smuggled goods, were able to make their influence effective. Alternatively, the Japanese authorities may have been induced to take action on behalf of the new Manchurian Government, who it is clear are now likely to be looking on the Manchurian Customs revenue with eyes of prospective ownership.

I have, &c.,

MILES W. LAMPSON

<sup>2</sup> Cf. No. 204, note 6.

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 24)**No. 222 [F 4306/270/10]*

TOKYO, April 26, 1932

Sir,

I have the honour to report that the resignation of Count Uchida from the post of President of the South Manchuria Railway Company, reported in paragraph 3 of my despatch No. 201<sup>1</sup> of the 14th instant, has been the cause of a struggle between the War Office and the Prime Minister which has attracted a great deal of attention in the Press. After various members of the Military party had vainly endeavoured to persuade Count Uchida to withdraw his resignation, the Ministry of War brought such pressure to bear on the Prime Minister that the latter was induced to send a special personal telegram to the Count asking him to retain his post. This telegram had the desired effect although it is still believed that Count Uchida intends to remain only until the Commission of the League of Nations have finished their work in Manchuria and the Leased Territory. The whole incident is a good illustration of the predominant influence at present wielded by the Military in the affairs of this country; and it is not too much to say that the existence of the present Cabinet was threatened owing to the dismissal of Mr. Eguchi from the post of Vice-President of the Railway which was intended to bring about the fall of Count Uchida.

2. I have the honour to transmit, herewith, a despatch from the Acting British Consul at Dairen in which Mr. Denning has some interesting comments to make on the affair as seen from the Kwantung capital.

I have, &c.,  
F. O. LINDLEY

ENCLOSURE\* IN No. 272

*Mr. Denning (Dairen) to Sir F. Lindley**No. 50*

DAIREN, April 19, 1932

Sir,

With reference to my despatch No. 44<sup>2</sup> of the 9th April, the storm which has arisen over the resignation of Count Uchida shows locally no signs of abatement, and I understand that pressure from all quarters is being brought to bear in an effort to persuade him to remain.

2. But there seems little doubt that Count Uchida is highly incensed at the summary dismissal of Mr. Eguchi, the first intimation of which reached him at a reception on the Japanese flagship 'Kongo' only after the resignation had become a fact. At present local opinion seems to think that he will probably

<sup>1</sup> Not printed.

<sup>2</sup> This despatch to Tokyo does not appear to have been forwarded to the Foreign Office.

remain in office until after the League Commission has finished its Manchurian tour, but that he is thereafter determined to go. It is just possible, of course, that he may be prevailed upon to stay in office, particularly as the military party is said to be very anxious that he should remain, but it seems to be thought unlikely.

3. The interesting feature of this situation lies in the fact that the military party is said to have vetoed various persons who have been suggested as successors to Count Uchida. If this is true, it will mean that the militarists, having rendered ineffective the functions of the Japanese consulate-general in Mukden and reduced the Kwantung Administration to little more than a puppet Government, now aim at securing control of the South Manchuria Railway Company by placing at its head a satellite of their own selection. In such a manner will they succeed in abolishing the Quadruple Administration<sup>3</sup> which has called forth so much criticism in the past, though the new alternative must cause grave misgivings amongst the liberal-minded.<sup>4</sup>

4. That Count Uchida should be favoured by the military party is not surprising, for he has always been an imperialist, and was indiscreet enough to say in private conversation at a diplomatic gathering when he was Foreign Minister at Tokyo some ten years ago that had it not been for Great Britain and the United States, Japan would have had China long ago. And other remarks that he has made from time to time leave one with the impression that he has always been a believer in Japanese penetration on the main Asiatic continent.

5. Count Uchida has this advantage over his predecessor, the late Dr. Sengoku, that he is socially agreeable, and to foreigners punctiliously polite. I doubt, however, whether the militarists care sufficiently about foreign opinion to appreciate the advantage of the Count's methods as compared to their own.

6. Copies of this despatch have been sent to His Majesty's Minister at Shanghai, to Peking, Mukden and Harbin.

I have, &c.,  
M. E. DENING

<sup>3</sup> i.e. the administration of Japanese interests in Manchuria by the Kwantung Government (representing the Japanese Ministry of the Colonies), the Japanese Consulate-General at Mukden (representing the Japanese Foreign Office), the South Manchuria Railway Company, and the Japanese Army in Manchuria.

<sup>4</sup> In Tokyo despatch No. 224 of April 26 (received May 24), Sir F. Lindley further reported 'the appointment of four Japanese to high offices in the Administration' of the new Manchurian Government, and added that it would appear that 'there may be some justification for the "Asahi" correspondent's statement that Mr. Komai would be virtually the *de facto* Premier of the new State. The fact that up to the time of his appointment Mr. Komai was financial adviser to the Kwantung garrison is additional evidence, if any were needed, of the part played by the Japanese army in the establishment of the State of Manchuria.'

*Letter from Sir R. Vansittart to Sir J. Simon (Geneva)*

[F 3546/552/10]

FOREIGN OFFICE, April 26, 1932

My dear Secretary of State,

You will remember that the question of addressing representations to the Japanese Government was discussed on receipt of a telegram from Lampson<sup>1</sup> recently, reporting that he had been informed by the Chief Inspectors of the Salt Gabelle that the new Government were taking over the Salt Administration in Manchuria. The Salt Gabelle has, since its formation in 1913, been directly responsible, under the Reorganisation Loan Agreement of that year, for the service of loans secured on the salt revenues, but in 1928 the Chinese Government promulgated new regulations for the Salt Administration, which abolished this responsibility, and made the Chinese Government the primary instead of the residuary receiver of the salt revenue. This led to a joint statement on the 16th November, 1928, issued by the British, French and Japanese representatives at Peking, protesting against the action of the National Government in varying by unilateral action the terms of international agreements, and placing full responsibility on that Government for the liquidation of all loans secured on the salt revenues, whether the new scheme should be successful or not. Had the Chinese themselves not broken the Salt Gabelle Agreement, they would have been on better ground now for asking us to intervene with a view to obtaining payment of the quota due by the Manchurian authorities, but their action in 1928 really puts them out of court so far as concerns asking His Majesty's Government to take action to protect the Salt Administration from attacks by third parties.

The Salt Administration of course is in a different position from the Customs, in that the latter still retains (though subject to the orders of the Minister of Finance) its responsibility for the service of loans secured on the Customs revenue. But in both cases, the unity or 'integrity' of the service depends on the unity of China, and the maintenance of the former depends on whether Manchuria really becomes independent or not, though in both cases some arrangement may be possible for the contribution of a quota from Manchuria to the service of the Customs- or Salt-secured loans. We have a smaller interest in the Salt Gabelle because, first, the responsibility for the loans has already, in 1928, been put squarely on the Chinese Government, and, secondly, there is, in the case of the Salt Gabelle, no other foreign interest than the security of loans, whereas the Customs Service vitally affects British shipping and trade, and the maintenance of its traditions and methods of administration is as important in Manchuria as in China. It also provides the only sure foundation on which the financial rehabilitation of China could be built up.

I give the above summary as a reminder of the position as we saw it early

<sup>1</sup> No. 166.

this month, but a further telegram has now been received from Newchwang,<sup>2</sup> of which I attach a copy, directly incriminating the Japanese advisers in Manchuria, and we feel that in so far as the latter may be controlled by the Japanese Government, the action of these advisers would give us ground for protesting against the violation of the Nine Power Treaty. This step would help us to deal with the criticism that we are doing nothing to prevent Japanese machinations in Manchuria, though probably it would not do more than make the Japanese more cautious in their methods:—they would no doubt reply that the advisers are not under their control, but are private individuals in the service of the Manchurian Government.

The League Commission will probably have their attention drawn to this matter, but that would perhaps not seem a very substantial reason for inactivity on our part if, as is possible, publicity is given to the incident.

In view of the above considerations, I feel that you may consider that a word should be spoken in Tokyo, in which case you might also think it advisable to ask whether any other Power would care to join in such representations.

I am also enclosing a copy of Lampson's telegram of the 1st April and of our reply,<sup>3</sup> for convenience of reference.

Yours ever,  
VAN

<sup>2</sup> Not printed: it was repeated in Mr. Holman's telegram No. 201 of April 19 to the Foreign Office (received at 9.30 p.m. that day), and stated that at 3 p.m. on April 15 the Japanese advisers of the Salt Transportation office turned out the staff of the district inspectorate and sealed up their office.

<sup>3</sup> i.e. of Nos. 166 and 182.

## No. 274

*Sir M. Lampson (Nanking) to Sir J. Simon (Received April 27)<sup>1</sup>*

*No. 314 Tour. Telegraphic: by wireless [F 3755/1/10]*

NANKING, April 27,<sup>2</sup> 1932, 2 a.m.

My telegram No. 95 to Geneva.<sup>3</sup>

On April 25th I saw Chiang Kai-shek and Wang Ching-wei and discussed two outstanding points.

- A. Question of revision of paragraph 11 of draft resolution and
- B. Chinese positions . . .<sup>4</sup> Suchow Creek, etc.

2. As regards 'A' see my telegram No. 96.<sup>5</sup>

3. As regards 'B' I had already, on April 24th, put before Minister for Foreign Affairs, as a suggestion for consideration in last resort if Japanese could not be induced to drop the point, the draft of a verbal statement to be

<sup>1</sup> The time of receipt is not recorded.

<sup>2</sup> This telegram was drafted on April 25.

<sup>3</sup> No. 257.

<sup>4</sup> The text is here uncertain. Cf. No. 237.

<sup>5</sup> No. 258.

made by Chinese representative to a meeting of conference in the sense that apart from normal guard of gendarmerie at Lunghua there are no Chinese troops south of Suchow Creek in the vicinity of Settlement so that there will, in fact, be no danger of any clash arising after withdrawal of Japanese troops; that Chinese Government have no intention of making fresh military dispositions in areas in question except in the event of it being necessary to assist police in suppression of disorders; and that Chinese authorities will in such an eventuality, with a view to avoiding misunderstandings, notify joint commission of their intentions.

4. All concerned regarded this proposal as unacceptable in view of what they consider unreasonable and irrelevant nature of Japanese demand and serious misunderstandings which would arise in view of the abnoxious [*sic*] Japanese demilitarization proposals if China entered into any such commitment. I said it was not my business to persuade Chinese Government to do what they did not want to do but it seemed to me that it would be lamentable if this comparatively minor point prevented conclusion of agreement and that China would, in my opinion, be ill-advised to risk losing on this account valuable and unequivocal statement of principle of withdrawal contained in first sentence of Article 3. I failed, however, to move them. Ch[i]ang emphasized difficulties of the Government in view of fact that whole country was watching these negotiations, while their political opponents would seize on any allegedly unsatisfactory feature of settlement to attack them. Subsequently Ch[i]ang informed Kuo, who was present at my interview, that utmost he would recommend would be an undertaking not to move troops south of Suchow Creek during Japanese withdrawal to their outside localities. Wang and Minister for Foreign Affairs were even more insistent in declaring my proposal unacceptable and maintained that as Chinese Government were making big concession in agreeing to my proposal for a new version of paragraph 11 of resolution, Japan *must* be made to drop her demand for definition of Chinese positions in areas outside mutual evacuation zone. Wang said he could give most positive assurances that China would abide by agreement and cease all hostilities in accordance with Article 1 which should completely satisfy Japanese point. There were, in fact, no Chinese troops in areas in question and Chinese Government had no intention of advancing their troops. They had no objection to telling me this but refused absolutely to make any such statement to Japanese.

Repeated to Peking, Shanghai, Commander-in-Chief and Tokyo.

No. 275

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*  
*No. 36 Telegraphic [F 3772/1/10]*

GENEVA, April 27, 1932, 6.5 p.m.<sup>1</sup>

Addressed to Shanghai No. 36.

Your telegram No. 103.<sup>2</sup>

In order to bring matter to a conclusion amendment to draft armistice suggested by you must first be agreed by both parties. Draft armistice will then come before Committee of Nineteen with the following words added at the end of annex 4: 'and is authorised to call attention to any neglect in carrying out of provision[?] of the three articles mentioned above'.<sup>3</sup> Committee will then pass a resolution in [?] of [?] in which they will take note of agreement thus reached by parties.<sup>4</sup>

Repeated to Tokyo and Foreign Office.

<sup>1</sup> Time of repetition as No. 188 L.N. to the Foreign Office (received at 9.30 p.m. on April 27). This telegram and No. 276 below were presumably from Sir J. Simon.

<sup>2</sup> Of April 27, not printed. This telegram confirmed the Japanese agreement reported in No. 266.

<sup>3</sup> Cf. No. 258.

<sup>4</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 730.

No. 276

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*  
*Nos. 37 and 38 Telegraphic [F 3776/1/10]*

GENEVA, April 27, 1932, 11.10 p.m.<sup>1</sup>

My immediately preceding telegram.<sup>2</sup>

1. Text of Article 11 of resolution which it is now proposed Committee should adopt is as follows:—

'11. Take note of fact that powers as defined in Annex 4 of draft agreement of Commission which is to watch the carrying out of Articles 1, 2 and 3 of that agreement include authority to call attention in accordance with Committee's decisions taken in such manner as is provided in the said Annex to any neglect in the carrying out of any of provisions of Articles mentioned above.'<sup>3</sup>

2. It is understood that this text would not be opposed by Japanese. But their delegation has suddenly indicated that Japan sees objection to any action which would involve recognition of right of Committee of Nineteen to concern themselves with negotiations going on in Shanghai. If they insist on this view there is a possibility that they may now adopt the attitude of refusing to express formal acceptance of Committee's resolution. Committee will almost certainly decide to submit their resolution to a public

<sup>1</sup> Time of repetition as Nos. 189 and 190 L.N. to the Foreign Office (received at 9.30 a.m. on April 28).

<sup>2</sup> No. 275.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 731.

meeting of the full Assembly. In that case if Japanese adhere to this attitude they would abstain from voting but resolution, if, as would presumably happen, it were passed unanimously without Japanese vote, would possess full juridical validity.

3. *Confidential*. Strongest efforts are being made here to induce Japanese to consent to declare formally their acceptance of the amended resolution.

Repeated to Tokyo and Foreign Office.

No. 277

*Letter from Sir R. Vansittart to Sir J. Simon (Geneva)*

[F 3747/1/10]

FOREIGN OFFICE, April 27, 1932

My dear Secretary of State,

With reference to my letter of the 20th instant.<sup>1</sup> I enclose a record of a conversation with the Japanese Chargé d'Affaires, in which the latter explained that his Government do not wish any statement to be issued as to the nature of the communication made to you by Mr. Matsudaira on the 1st April.

If there are any further questions in the House on this subject we will bear in mind the message<sup>2</sup> received from you by telephone on the 22nd April, as to including in the reply a sentence to the effect that it is understood that a similar statement to the one made to you was made confidentially to the other principal Governments.

Yours ever

R. VANSITTART

ENCLOSURE IN No. 277

*Record by Sir V. Wellesley of a conversation with the Japanese Chargé d'Affaires*

FOREIGN OFFICE, April 22, 1932

The Japanese Chargé d'Affaires called this afternoon to give me the reply of his Government to the request which I made to him to release us from having to treat as confidential M. Matsudaira's communication to the Secretary of State of the 1st April. He said that the Japanese Government had decided that that communication should be kept confidential only after the most careful consideration. It had been made with the sole object of trying to prevent a situation arising at Geneva which would force them to withdraw their delegates. The same communication had been made to other

<sup>1</sup> Not printed. This letter referred to press leakages regarding Mr. Matsudaira's communication to Sir J. Simon on April 1 (see No. 161) and stated that in view of the resulting Parliamentary Questions (see 264 *H.C. Deb.* 5 s., cols. 1231 and 1453-4) the Japanese Chargé d'Affaires was asked on April 19 whether the substance of that communication could be made public. Mr. Sawada said he would have to consult his Government.

<sup>2</sup> No record of this message has been traced in the Foreign Office archives.



Governments with the same object. Therefore if the Japanese Government were to release us they would have to inform the other Governments accordingly and the result would be that it would become common knowledge all the world over which in turn might react on public opinion in Japan and this again might force the Japanese Government to do the very thing which they had so assiduously [*sic*] been trying to avoid. It was for this reason that the Japanese Government, with the utmost regret, cannot see their way to comply with our request.

I thanked the Chargé d'Affaires for this communication and said I thought it was very unfortunate that the Japanese Government could not agree and that I could not help feeling that as the matter had already leaked out in Tokio and had appeared in the *Times* their fears must be somewhat exaggerated, but all I could extract from him was an expression of regret at the leakage and an assurance that no official communication had been made to the press or to any one else in Tokio.

V. W.

No. 278

*Sir M. Lampson (Shanghai) to Mr. Jamieson (Amoy)*

*No. 5<sup>1</sup> Telegraphic [F 3807/27/10]*

SHANGHAI, April 28, 1932

My telegram No. 2.<sup>2</sup>

United States Minister informs me that his government have now authorised co-operation of American forces in joint defensive measures provided American local naval authorities deem fit.<sup>3</sup> He made point however that we must be most careful not to become involved in any Chinese-Japanese conflict, e.g. over Formosans of whom there are many in Amoy district, such as defeated at the outbreak the application of joint defence scheme at Shanghai.<sup>4</sup> I agreed that this was important and must be carefully borne in mind. Please do so. It is essential that we should not be manoeuvred into any false position.

2. I told United States Minister my impression was that with strong naval concentration which we now have at Amoy any attack on Kulangsu seemed to me most unlikely.

He agreed.

Repeated to Foreign Office, Peking and Mission.

<sup>1</sup> Repeated by wireless as No. 323 Tour to the Foreign Office (received at 9 a.m. on April 29).

<sup>2</sup> No. 264.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 503.

<sup>4</sup> In the record of the Colleagues' meeting at Shanghai at which Mr. Johnson made this point (copy transmitted to the Foreign Office under Shanghai despatch No. 114 T.S. of April 28, received June 14), the corresponding passage read: 'What Mr. Johnson had in mind was that they must be careful to avoid a situation arising such as had occurred at Shanghai when there had been a danger of the foreign forces becoming involved in the Sino-Japanese conflict owing to the existence of a joint defence scheme.'

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)**No. 104<sup>1</sup> Telegraphic [F 3815/1/10]*

SHANGHAI, April 28, 1932

Repeated to Foreign Office, Peking, Mission and Tokyo.

My telegram 102.<sup>2</sup>

On April 26th I suggested to Kuo and Japanese Minister that a small drafting committee of three should be appointed to get draft agreement as far as possible into final form in order that we might not be held up on minor points in the event of difficulties at Geneva being overcome. This was agreed to and drafting committee consisting of Mr. Teichman and a Chinese and Japanese representative met on the following day and produced draft D<sup>3</sup> of April 27th. I and my colleagues then suggested to Kuo that we should hold meeting of the conference to adopt this new draft, as far as possible, as the final text of agreement, Japanese side being willing to meet at any time.<sup>4</sup> Kuo replied early 28th April after referring to Nanking that the Chinese government considered that as the matter was in the hands of the committee of nineteen at Geneva, it would be discourteous to the latter to resume the conference until resolution had been adopted and that the Chinese side were therefore unable to hold further meeting until the matter had been settled at Geneva. Immediately after receiving this message I received Geneva telegram No. 36<sup>5</sup> indicating that the committee of nineteen were waiting for the Shanghai conference to adopt proposed (? amendments) to annex 4 of draft agreement before proceeding with the resolution. I and my United States colleague<sup>6</sup> at once saw Kuo on behalf of the four interested colleagues and explained the position to him and suggested that if he still objected to meeting of full conference we might have an informal meeting the same afternoon, without the military representatives, to adopt amendment to annex 4 and as far as might be possible the rest of draft D. Amongst other points we had still to dispose of first undoubtedly was the words of Article 3, which in the absence of any definite programme of

<sup>1</sup> Repeated by wireless as No. 324 Tour to the Foreign Office (received at 6.15 p.m. on April 29).

<sup>2</sup> No. 267.

<sup>3</sup> For the previous draft 'C' on which draft 'D' was based, cf. No. 174, note 2.

<sup>4</sup> According to the record of the Colleagues' meeting of April 27 (Shanghai despatch No. 110 T.S., received June 14, not printed) this conversation with Mr. Quo took place on the telephone. Mr. Quo 'started raising all kinds of new points'. Sir M. Lampson 'deprecated most strongly any tampering with the agreed texts at this late date. It would only give the Japanese the chance of raising new points, and thus throw the whole thing back into the melting pot.'

<sup>5</sup> No. 275.

<sup>6</sup> The record of the Colleagues' meeting of April 28 (Shanghai despatch No. 115 T.S., received June 14, not printed) stated: 'It was agreed that it would appear rather too much of a demonstration for all four Colleagues to go and see Mr. Quo together, but Mr. Johnson readily offered to accompany Sir M. Lampson so that the two could represent the rest of the foreign representatives.' Cf. *F.R.U.S.* 1932, vol. iii, pp. 731-2.

withdrawal were meaningless, and which the Chinese now wished dropped. If these words were omitted however there would be no mention of annex 2 in text of agreement and drafting committee had suggested that, in that event, annexes 2 and 3 should be amalgamated and become annex 2. This would affect numbering of the annexes, and accordingly the wording of the resolution. These and similar minor points of the wording still require to be adjusted while definitions of Chinese positions and Japanese localities had yet to be inserted in the draft. After some argument Kuo agreed to hold meeting at 3 p.m. today. Results of meeting which were satisfactory are reported in my immediately following telegram.<sup>7</sup>

<sup>7</sup> No. 280.

### No. 280

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*  
*No. 105<sup>1</sup> Telegraphic [F 3797/1/10]*

SHANGHAI, April 28, 1932

My immediately preceding telegram.<sup>2</sup>

Informal meeting on afternoon of April 28th was attended by Kuo and Japanese Minister and their respective secretaries, myself and my three colleagues and Colonel Badham-Thornhill and Mr. Teichman.

2. Both sides formally agreed to addition of following sentence to last paragraph of annex 4 'and is authorised to call attention to any neglect in carrying out provisions of any of the three articles mentioned above'.

3. Other points discussed are reported in my immediately following telegram<sup>3</sup> which explains how annex 2 has been amalgamated with annex 3 so that annex 4 has become annex 3.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 325 Tour to the Foreign Office (received at 9 a.m. on April 29).

<sup>2</sup> No. 279.

<sup>3</sup> No. 281.

### No. 281

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*  
*No. 106<sup>1</sup> Telegraphic [F 3832/1/10]*

SHANGHAI, April 28, 1932

My immediately preceding telegram.<sup>2</sup>

Having disposed of amendment referred to, the meeting proceeded to go through draft D. with the following result.

<sup>1</sup> Repeated by wireless as No. 326 Tour to the Foreign Office (received at 10 p.m. on April 29).

<sup>2</sup> No. 280.

2. Article 1. Addition after word 'cease' of the words 'around Shanghai' was agreed to.

3. Article 2 remains unchanged.

4. Article 3. The first fifteen words are deleted so that article begins with the words 'The Japanese troops'. In the last sentence for 'annex 3' read 'annex 2'. See below.

5. Article 4 remains unchanged except that in the last sentence reference to annex 4 became annex 3.

6. Article 5. It was agreed that foreign representatives will only sign English text which is to be the authoritative one and that only English date is to appear in English text.

7. Annex 1. Agreement was reached on the definition of Chinese positions.

8. Annex 2. Beginning of annex as presented in draft D., consisted of two paragraphs of original version concerning withdrawal to localities in four weeks and care for invalids, see my telegram No. 238 to Foreign Office.<sup>3</sup> It was agreed (for reasons stated in my telegram No. 104)<sup>4</sup> to add these two paragraphs to the end of annex 3 which thus becomes annex 2.

9. Annex 3 now annex 2. Agreement was reached on definition of Japanese localities.

10. Annex 4 now annex 3. Sentence added to last paragraph as reported in my immediately preceding telegram. No other change.

11. Chinese declaration regarding special constabulary. Kuo raised new point in wishing to delete reference to agreement in last sentence on the grounds that declaration was a separate and voluntary one by Chinese Government, it should not be linked to agreement in this way. Japanese Minister objected to change. Eventually he agreed to refer the following re-draft of last sentence (which will satisfy Chinese) to Tokyo: 'It is understood that incoming Chinese police who take over from evacuating Japanese forces in accordance with arrangements for a cessation of hostilities at Shanghai will be drawn from above special constabulary'.

12. An . . .<sup>5</sup> agreement with draft E.<sup>6</sup> will be circulated tomorrow and provided neither side goes back on what was agreed upon today we now have an agreed version of the whole draft. The only point outstanding is the Japanese demand for definition of Chinese positions south of Suchow Creek etc. We discussed this today and as usual made no progress but Japanese Minister undertook to consult his military delegates further and I think there is now possibility of Japanese side agreeing to drop the point. If so we should be ready to sign as soon as Geneva adopt resolution.<sup>7</sup> I have told Japanese

<sup>3</sup> No. 151.

<sup>4</sup> No. 279.

<sup>5</sup> The text is here uncertain.

<sup>6</sup> Draft E was, with minor variations, the same as the final text of the agreement printed in Cmd. 4077 of 1932 except that in draft E (i) articles 1 and 5 contained no dates, (ii) article 4 read correctly 'mutual withdrawal' where Cmd. 4077 reads 'actual withdrawal', (iii) there were no signatures. A copy of draft E was enclosed in Sir M. Lampson's despatch No. 112 T.S. of April 29 (cf. No. 245, note 3).

<sup>7</sup> The last paragraph of the detailed record of this meeting (received in the Foreign Office on May 26 under Shanghai formal covering despatch No. 113 T.S. of April 28) read: 'In conclusion, Sir M. Lampson suggested that a hearty vote of thanks to Mr. Teichman,

Minister frankly that I returned from Nanking convinced that Chinese will certainly not budge on this point and that in my opinion it should be dropped. After meeting I emphasized this even more strongly informing him of very definite attitude of Chiang Kai-shek, C. W. Wang and Minister for Foreign Affairs in response to my soundings in Nanking last week-end. I have also instructed Military Attaché to let this be known to Japanese military delegates here: and former hopes point will not be ultimately pressed. If it is agreement will be wrecked.

Repeated to Foreign Office, Peking, Mission and Tokyo.

who was about to leave for home, should be incorporated in the minutes. This synchronised with a similar suggestion from Mr. Quo Tai-chi, Mr. Shigemitsu, and the other foreign representatives, especially the American Minister.'

A letter of June 24 from Mr. Orde to Mr. Teichman read: 'Sir John Simon has noted with pleasure that the representatives of both parties to the dispute and Sir M. Lampson's foreign colleagues who took part in these important negotiations have also officially borne testimony to the value of your services and he desires me to convey to you an expression of his thanks for the valuable assistance which you rendered to His Majesty's Minister.'

#### No. 282

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 68<sup>1</sup> Telegraphic [F 3793/1/10]*

TOKYO, April 28, 1932

Geneva telegram No. 37 to Shanghai.<sup>2</sup>

I saw the Vice Minister for Foreign Affairs and represented the bad impression which would be made by the Japanese abstaining and the uselessness of it, since they had voted for the resolution of March 4th in exactly similar circumstances. I added that you had been gratified by their action then and attached great importance to their doing the same now.

Vice Minister for Foreign Affairs stated that the question was now under consideration. He was in favour of the Japanese voting and believed they would be instructed to do so.

Repeated to Shanghai and Foreign Office.

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 210 to the Foreign Office at 4.35 p.m. (received at 6 p.m.) on April 28.

<sup>2</sup> No. 276.

#### No. 283

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*

*No. 39 Telegraphic [F 3794/1/10]*

GENEVA, April 28, 1932, 10.50 p.m.<sup>1</sup>

Committee of Nineteen met in private this afternoon. President informed them that both sides had accepted additional [*sic*] annex 4 as in Sir M.

<sup>1</sup> Time of repetition as No. 192 L.N. to the Foreign Office (received at 9.30 a.m. on April 29).

Lampson's telegram No. 105,<sup>2</sup> that Chinese delegate had received instructions to accept resolution subject only to receipt of further instructions authorising him to accept words 'take note of fact' in lieu of 'is of opinion' at beginning of Article 11, and that Japanese delegate had not yet received final instructions whether to vote for resolution or to abstain. Committee decided to submit resolution to a public meeting of special Assembly on April 30th.

Repeated to Foreign Office and Tokyo.

<sup>2</sup> No. 280.

### No. 284

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 24)*

*No. 234 [F 4400/1/10]*

TOKYO, April 28, 1932

Sir,

I have the honour to acknowledge the receipt of a Memorandum No. F 1033/1/10<sup>1</sup> drawn up by Sir Victor Wellesley on the Far Eastern problem, enclosed in your despatch No. 184<sup>2</sup> of the 15th ultimo. Since this Memorandum deals in the most interesting way with the economic causes which Sir Victor holds to lie at the root of the trouble in the Far East, it is natural that the political side of the question should be to some extent neglected. In order that the Memorandum should not produce a too one-sided picture of what appears to me to be the actual state of affairs, I venture to offer the following comments from the political angle.

2. Before the war it was perhaps the fashion not to give sufficient weight to economic causes when examining political problems. It has now, perhaps, become the fashion to go to the opposite extreme; and I submit that past history and current events show that, in the last resort, political motives usually, though not of course invariably, over-ride economic considerations. Sir Victor in his Memorandum is good enough to quote a despatch of mine concerning the necessity for Japan either to find an outlet for her population or to secure markets for their products.<sup>3</sup> But there would be no difficulties in connection with either, had not other countries, for political motives, shut the Japanese people and Japanese products from their territories. For it is idle to pretend that the Japanese are excluded from such places as Australia and the United States for other than political motives. The Australians say quite frankly that they intend to have a white Australia, which is a political conception. It is true that the Americans justify their exclusion by claiming that the Japanese, owing to their lower standard of living, make life difficult for native-born Americans. But the justification is a mere justification. It will not hold water for a moment as a motive; since the Portuguese, against

<sup>1</sup> See Volume IX, No. 356.

<sup>2</sup> Not preserved in Foreign Office archives.

<sup>3</sup> See Volume IX, No. 24.

whom there is no special prejudice, have a lower standard of life than the Japanese, and there are, no doubt, other immigrants in the same position. The fact is that the Americans object to the Japanese because they are yellow but do not like to say so officially.

3. The same political motives hold good as regards the exclusion of Japanese products. The Chinese boycott is nothing but a political<sup>4</sup> act directed now against the Japanese, and at other times against other Powers, who have indulged in other political action to which the Chinese objected. It cannot be seriously argued that the boycott is in the economic interests of China. The contrary is the case; and the Japanese, quite appropriately but most inconsiderately, countered the political boycott by the only political action which was open to them. I refer to the landing of marines and other troops.

4. If we look beyond the Far East we see in every sphere the same phenomena. In Europe the rise of tariff barriers is not due primarily to economic considerations. It is due to a desire on the part of the states concerned to be self-sufficing in order to be more powerful politically.<sup>4</sup> It is a truism to say that economic difficulties<sup>5</sup> would disappear almost automatically if political rivalries were done away with.<sup>4</sup> We find the same thing all over the world. Were economic motives paramount, the Soviets would years ago have put an end to their subversive propaganda in foreign countries. Had they done so, the rest of the world would have been only too glad to trade with them and to grant them credits. The United States would have recognised them and have been of immense service to them in every way. But rather than forgo their political ambition of creating a world revolution, the Soviets have shown themselves ready to cripple their industrial development and to starve their own people for ten years. Another instance is to be found within our own Empire. Every economic motive demands that the Irish Free State should remain part of the British Empire. Yet we find that she prefers to risk her whole economic and financial future rather than allow her members of Parliament to take a political oath. The instance of Smyrna, quoted by Sir Victor Wellesley at the end of his Memorandum, is another case in point. The Greek invasion of Asia Minor was purely political. The motive was to effect the political union of the Greek population of that part of the country with Greece Proper. It failed; and the expulsion of the industrious Greek population and the complete destruction of Smyrna by the Turks was a typical instance of political passion overcoming any regard for economic interests. As Sir Victor Wellesley says, this should be a warning; for I do not doubt that the argument, that the Chinese would never do any great damage to Shanghai on account of the terrible economic loss which would follow, will be found, if occasion arises, to be no greater safeguard for that city than were kindred considerations in the case of Smyrna.

5. To return again to the Far East, the Japanese Military action in Manchuria last September was a signal instance of the triumph of political

<sup>4</sup> A marginal query was here added in the Foreign Office.

<sup>5</sup> A marginal note reads: 'of the U.S.?'

ambition over economic considerations. In the first place the Military party here are singularly indifferent to anything affecting trade and commerce.<sup>6</sup> For them, as for practically all the rest of the country, Manchuria represents a political ideal—the ideal of a bulwark against Russian and Chinese influence. The pursuit of this ideal, even at the sacrifice of the great economic interests of Japan in China proper, was deliberately chosen when the Japanese started their present Manchurian enterprise.

6. It is not intended by the above illustrations to suggest that economic considerations are not worthy of the closest study and have not a great bearing on the course of political events. While I do not think it can be disputed that they are usually over-ridden by political passions and aspirations, it is a remarkable thing that economic arguments are almost invariably used to justify political action; and it is further indisputable that these economic arguments gain for political action the support of a great number of well-balanced persons who would otherwise oppose it.

7. Finally, it may be timely to point out that public opinion in the British Empire is far more open to economic and financial arguments than is that of any other great country. In other words we are more swayed by reason and less by passion than are people of other countries. This difference has grown much greater since the war and has its dangers. For, just as we are inclined to ascribe the 'League spirit', which is so influential within the Empire, to foreign peoples who have never possessed it, so we are prone to believe that foreign countries attach the same importance to economic considerations as we do ourselves. Yet, even in our case with all our post-war reasonableness and lack of political ambition, it may be questioned whether public opinion in the Empire would consent to a cession of the West Indies in return for financial assistance from the United States.<sup>7</sup>

I have, &c.,  
F. O. LINDLEY

<sup>6</sup> A marginal note reads: '? boycott ? Manchurian railways ? capitalism'.

<sup>7</sup> Sir R. Vansittart minuted on this despatch: 'Novalis affirmed that to philosophise is to generalise; and the older I get the more I mistrust the ancestral pastime, whether applied to nations, sexes "or any other adversity,"—including this one. With that preface, I read Sir F. Lindley's despatch with interest. R.V. May 28.'

## No. 285

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received June 14)*  
*No. 111 T.S. [F 4814/451/10]*

SHANGHAI, April 28, 1932

His Majesty's Minister at Shanghai presents his compliments to H.M. Principal Secretary of State for Foreign Affairs, and has the honour to transmit to him the under-mentioned documents.



*Name and Date*

From Sir F. Maze of 27th April

*Subject*

*Manchurian Customs.* Transmitting  
copy of letters to Mr. Kishimoto  
and from Mr. Shigemitsu 25/4/32.<sup>1</sup>

To Sir F. Maze of 28th April 1932.<sup>2</sup>

ENCLOSURE I IN NO. 285

*Letter from Sir F. Maze to Sir M. Lampson*

INSPECTORATE GENERAL OF CUSTOMS, Shanghai, April 27, 1932

*Personal and private*

Dear Sir Miles,

I believe that I have already informed you that I have endeavoured to maintain informal contact with Mr. Yoshizawa, the Japanese Minister for Foreign Affairs, and also with the Minister here, Mr. Shigemitsu.

In regard to the former, I am in a position to ensure that my private letters reach him direct, through a confidential channel and without risk of censorship in Japan. I have availed myself of the opportunity to carefully outline my views to him in regard to the Manchurian Customs' question, and the burden of my advice has been that the occupation of Manchuria and the control of the Manchurian Customs should be dealt with separately the first, of course being the major question, with which I, personally, am not concerned; and the second, the minor question. I have suggested, moreover, that it would not be polite<sup>3</sup> for Japan to irritate England and America by upsetting the integrity of the Customs Service in the North, and both of the above gentlemen agree with my view that it is better, if possible, to leave the Northern Customs alone and to preserve the Inspectorate authority in Manchuria. But can they persuade the Military Party to endorse this policy?

Mr. Yoshizawa has recently sent me certain assurances, through the intermediary of a third person, to the effect that he appreciates the consideration shown to the Japanese employes in the Service, and that he believes that the Customs' policy in Manchuria which I advocate is sound. I append hereto a copy of a letter to Mr. Kishimoto on the subject, which I request you kindly to treat as confidential and private.

Yours sincerely,  
F. E. MAZE

<sup>1</sup> The wording here is incorrect. The only letter transmitted in Sir F. Maze's letter was the one from Mr. Shigemitsu to Mr. Kishimoto printed as enclosure 2. Mr. Kishimoto was Chief Secretary in the Chinese Maritime Customs administration.

<sup>2</sup> This letter acknowledging Sir F. Maze's letter of April 27 is not printed.

<sup>3</sup> This word read 'politic' in an identic letter sent on April 26 by Sir F. Maze to Mr. P. R. Walsham, London Secretary of the Chinese Maritime Customs.

ENCLOSURE 2 IN No. 285

*Copy of private and confidential letter from Mr. Shigemitsu to Mr. Kishimoto,  
dated Shanghai, 25th April, 1932*

Dear Mr. Kishimoto,

I am informed by His Excellency Mr. K. Yoshizawa, His Majesty's Minister for Foreign Affairs, that he learns from you that the present situation between Japan and China is causing you uneasiness with regard to the post you hold in the Chinese Maritime Customs service, and I am instructed by him to convey through you to Sir Frederick Maze, the Inspector General of Customs, a personal message, as one purely from a friend to a friend, to the effect that he highly appreciates Sir Frederick's kind and tactful handling of matters so as to give favourable consideration to Japanese staff interests while faithfully discharging his duty of promoting the interests of the Chinese Maritime Customs. It is with gratification, continues the message, that His Excellency learns that Sir Frederick is making efforts to settle the question of the Maritime Customs in Manchuria solely on practical lines, inasmuch as Mr. Yoshizawa believes that such settlement of the question will contribute to the maintenance of the integrity of the Customs revenue for the service of foreign loans. The Japanese Foreign Minister further states in his message that he trusts that, should the Chinese Government attempt to remove you from the post of Chief Secretary or wantonly interfere with the positions of other members of the Japanese staff of the Customs, Sir Frederick will, through his usual good offices and practical wisdom, prevent such attempt which, if unchecked, would no doubt prove detrimental to the Customs administration as well as to the interests of all the Powers concerned.

I shall be very pleased if you will be good enough to transmit the above message to Sir Frederick Maze.

Yours sincerely,  
M. SHIGEMITSU

No. 286

*Minute by Mr. Fitzmaurice*

[F 2079/270/10]

FOREIGN OFFICE, April 28, 1932

I have taken time to consider this question<sup>1</sup> which is not an easy one. It is difficult to give a considered opinion because the question turns on the legal consequences which flow from certain facts, and these facts are themselves still very obscure, and imperfectly ascertained. For the purpose of

<sup>1</sup> See Volume IX, No. 78, note 1, for the questions raised by Mr. Broad of the Far Eastern Department in connexion with Dr. C. W. Young's memorandum (not printed) of November 21, 1931, entitled '“Parallel” Railways in Manchuria and the alleged “Secret Protocols” of 1905'. For a summary of these protocols, see MacMurray, vol. i, pp. 554 ff.; cf. Volume IX, No. 8, note 3.

this minute I will assume that the statement contained in the memorandum within<sup>2</sup> is accurate. The principal assumption there made is that the alleged agreement about parallel railways was not contained in any treaty, or even in any protocol, secret or otherwise, attached to a treaty, but consisted simply of a declaration embodied in the *procès-verbaux* of the conference.<sup>3</sup>

Although the distinction between formal and informal agreements is one which is often made, it is really illusory. The real point is that agreements are either intended to be binding, or else they are not. If they are intended to be binding it does not much matter in what particular form they are cast. They may be cast into the form of a treaty or convention, or they may be simply embodied in the minutes of a conference. What matters is the intention of the parties. The form into which they cast their agreement is really only relevant as evidence of what their intention was. Where parties have made an agreement which they definitely intend to be binding upon them, it is usual for them to put it into the form of a treaty or convention, or of some protocol attached to a treaty or convention and forming a part thereof. The fact that they put their alleged agreement, not into this form, but into the form of a simple declaration in the minutes of a conference, may well be evidence that the agreement was a provisional one only, and not intended to be finally binding, but it is not in any way conclusive evidence. It is only *some* evidence, and if other factors and the surrounding circumstances show that the parties did intend the agreement to be binding, notwithstanding the form which it took, then the fact that it is contained merely in the *procès-verbaux*, and not in a treaty itself, is immaterial.

It will be seen, therefore, that everything turns in the present case on whether the alleged agreement about parallel railways contained in the official minutes was intended by the Chinese and Japanese delegates to be a finally binding agreement, or was intended merely as an expression of the type of agreement on the subject which they eventually hoped to come to. It is, of course, very difficult for us to know, or indeed for anybody to know at this stage, what their actual intention was. Moreover, such evidence as there is is rather conflicting.

I will first of all state the evidence for supposing that the alleged agreement was provisional only. The following points support this view.

1. It is not the general practice (although, as I have indicated above, it is perfectly possible) to embody finally binding agreements in the minutes of a conference. The sort of agreement which usually is found in the minutes of a conference is an agreement as to the manner in which the provisions of the treaty finally agreed upon are to be interpreted. This is a very usual thing to find in the *procès-verbaux*, and if a dispute arises as to the meaning of the terms of a treaty, it is the usual practice to make

<sup>2</sup> The reference is to Dr. Young's memorandum of November 21, 1931; see note 1.

<sup>3</sup> i.e. of the Sino-Japanese negotiations held at Peking in 1905 with a view to arriving at an agreement on matters of common interest arising out of the Russo-Japanese treaty of peace signed at Portsmouth on September 5, 1905. For the resulting Treaty of Peking of December 22, 1905, see *B.F.S.P.*, vol. 98, pp. 740-5; cf. Volume VIII, No. 728.

reference to the *procès-verbaux* in order to determine obscure points of interpretation. Further, any declaration which the parties embody in the *procès-verbaux* as to the manner in which any provisions of the treaty are to be interpreted is fully binding upon them, notwithstanding the fact that it figures in the minutes, and not in a treaty itself. However, the declaration about parallel railways is clearly a substantive agreement, and not in any way an interpretative one, and, as I have said, it is at least unusual, though of course not impossible, that a substantive agreement should be embodied in the mere minutes of a conference, at any rate where the conference ends in the conclusion of a formal treaty.

2. Assuming the statement contained in the memorandum within to be correct, it appears that the method of procedure at this conference was first of all for the delegates to agree upon certain articles provisionally, which articles were duly recorded in the minutes, and then afterwards to discuss these articles and to embody such of them as were finally agreed upon in a formal treaty. In other words the procedure was much the same as that which occurs daily at Geneva, where countries begin by agreeing upon a draft convention which is then referred to the governments, and which, although couched in all the language of a binding agreement, is intended merely to be provisional; subsequently the delegates reassemble and convert the draft agreement, (no doubt with many changes), into a final and binding one. It appears from the statement in the memorandum within that, besides this declaration concerning parallel railways, there were others in the minutes, on other subjects, some of which found their way into the formal treaty. The one on parallel railways, however, it is said, did not, nor did certain of the other declarations. If it be true that these declarations are all of the same character, and similar in form, and that some of them found their way into the treaty and others did not, it would certainly appear that they must, all of them, including the one on parallel railways, have been intended in the first instance merely to be provisional, and that only those which finally found their way into the treaty were intended to be binding. Of those which have not found their way into the treaty I gather that the one about parallel railways is the only one which the Japanese have alleged to have been binding. There certainly seems to be no reason why this one should be especially singled out from other declarations which, although of the same character as regards form, were equally not included in the final treaty. It will be seen, for instance, from page 17 of the memorandum that there was an agreement concerning railway guards of exactly the same character as the parallel lines agreement which equally did not find its way into the final treaty, and which the Japanese have apparently never quoted as having any binding effect.

I have now to deal with the points which tell against the view that the intention of the parties was that this declaration should be merely provisional, and which support the view that they intended it to be of a finally binding character. There is, in the first place, the subsequent Japanese allegations

that the agreement was binding. These allegations would not of themselves have any value, if they had been clearly and explicitly contradicted by the other party, but as they never have been so contradicted, they are at least *some* evidence, although of course in no way conclusive evidence. The subsequent behaviour of the Chinese on the other hand goes a long way towards making one think that the declaration about parallel railways was intended to be binding. In the first place they have never denied that this was the case, in spite of the fact that several things have happened which, one would have supposed, would ordinarily have provoked a denial, if a denial had been possible. The statement, for instance, of Sir E. Grey in the House of Commons to the effect that, as the protocol bore the signature of the Chinese representative, there could be no doubt as to its validity,<sup>4</sup> is one which one would certainly have supposed would have provoked a denial from the Chinese, if the agreement had never been intended to be binding. Again, the fact that the Japanese have handed to various foreign governments statements purporting to contain summaries of the agreements of 1905, including a summary of the parallel lines agreement, and that these summaries have apparently further been published in MacMurray and the 1929 Report of the South Manchurian Railway<sup>5</sup> also make it surprising that the Chinese have never taken any steps to contradict these allegations. I do not wish to be understood as saying that the Chinese silence necessarily precludes them from subsequently alleging that the agreement never was intended to be binding. If they could, even now, produce evidence tending to show clearly that the declaration was not so intended, there would be nothing to prevent them from doing so, but in the absence of such evidence their failure ever to deny the allegations made by the Japanese is certainly *some* evidence that these allegations are correct.

The most curious thing of all, however, is the behaviour of the Chinese when they were in communication with the Japanese over the proposed building of the Fakumen railway in 1907.<sup>6</sup> In the course of this correspondence the Japanese repeatedly said that the building of the railway would be contrary to the parallel lines agreement. It is most noteworthy that in their replies the Chinese never once made the point that no agreement on the subject of parallel railways existed. The line which they took all along was that the Japanese were interpreting this agreement in the wrong way. The Chinese contented themselves simply with putting forward a different interpretation of the agreement. They did not deny its existence or its binding character. This is most striking. It is almost inconceivable that if the Chinese had not regarded the agreement as existing or had regarded it as being merely provisional and not binding, they would not have taken up such an obvious point. Indeed, their allegation that the Japanese were interpreting the agreement in the wrong way really amounts to an admission on their part that the agreement existed and was binding, because except

<sup>4</sup> See 186 *H.C. Deb.* 4 s., cols. 1191-2 (March 24, 1908); cf. Volume IX, No. 8.

<sup>5</sup> See *ibid.*, No. 78, note 1(d).

<sup>6</sup> Cf. C. Walter Young, *Japan's Special Position in Manchuria* (Baltimore, 1931), pp. 106 ff.

upon this assumption a controversy about the manner in which it was to be interpreted was largely meaningless. The climax of the matter came when the Chinese proposed that the question should be submitted to the Hague Court of Arbitration, and the striking thing again is that the question to be submitted was not apparently the existence or binding character of the agreement, but merely the question of its true interpretation.

To my mind this fact is so strong that notwithstanding the arguments which can be advanced to show that the agreement was of a provisional character only, I should be inclined to say that the intention of the parties at the time must have been that it should be binding, or that [? at] any rate that the Chinese Government had subsequently impliedly recognised its binding character. Nevertheless, I will not deny that if the Chinese can, in some way, explain away their attitude at the time of the controversy of the Fakumen railway, they certainly appear to have an arguable case on the other grounds in alleging that this declaration was provisional only.

This, I think, answers so far as it is possible to do so, in the present state of our knowledge, (admittedly very imperfect) the first two questions propounded by Mr. Broad. As regards the third, I do not think that anything which has happened since, amounts to such a material change of circumstances as to affect any agreements which were entered into in 1905. It might be argued that some of the subsequent declarations made by Japan, and some of the provisions of the subsequent treaties amount to an agreed modification of the 1905 declaration about parallel railways, but on the whole I doubt if this view is sound. I think that Japan's declarations can be interpreted as being declarations made within the frame-work of the 1905 agreement, and subject to the provisions thereof. In the 1915 treaty the validity of previous treaties was expressly reserved.<sup>7</sup> True China's right to build 'necessary' railways in South Manchuria was recognized,<sup>8</sup> but the question is what was meant by 'necessary'. The whole tenour of the agreement about parallel railways, assuming that it was binding, would go to show that the parties did not regard any railways parallel to the South Manchurian Railway as being necessary. Indeed I take it that the whole object of their declaration was to prevent unnecessary competition, the South Manchurian Railway being considered sufficiently ample for all purposes. I do not say that it really was ample, but merely that the parties must be taken as having so declared, and that the subsequent provision in the 1915 treaty, from the inclusion of the word 'necessary', looks as if it had been made subject to the previous agreement.

May I add in conclusion that the above minute merely sets out my views on the facts before me, and that if this question ever comes up in a shape in which we have to give a considered opinion on the subject, I shall be glad to have an opportunity of re-considering it, and in particular of reading *all* the relevant treaties since 1905.

G. G. FITZMAURICE

<sup>7</sup> See Article VIII of the Sino-Japanese treaty respecting South Manchuria and Eastern Inner Mongolia signed at Peking on May 25, 1915 (*B.F.S.P.*, vol. 110, p. 797).

<sup>8</sup> In a Sino-Japanese Exchange of Notes on the same day, see *ibid.*, p. 802.

No. 287

*Mr. Holman (Peking) to Sir J. Simon (Received April 29, 9.30 a.m.)*  
*No. 224 Telegraphic [F 3800/1/10]*

PEKING, April 29, 1932, 11.30 a.m.

My telegram No. 211.<sup>1</sup>

His Majesty's Consul-General, Harbin, reports disorganised Chinese troops are looting and burning towns along the eastern section of Chinese Eastern Railway. Japanese garrison at Imiempo [Imienpo] being reinforced; line between there and frontier cut in several places and train service suspended; fighting taking place between Japanese and Chinese troops.

Southern section of railway between Harbin and Changchun was attacked and cut by Chinese irregulars at Sanchaho April 23rd. Attackers repulsed on arrival of Chinese and Japanese reinforcements and railway repaired April 24th. Goods trains derailed at Shuangchengpu, south of Harbin, April 25th.

Harbin police under guidance of Japanese military investigating outrage on Japanese troop train reported in Harbin telegram No. 47.<sup>2</sup> Incident thought to be the work of terrorists from maritime provinces.

General Ma reported April 25th to be at Taheiho. His attitude still ambiguous.<sup>3</sup>

Repeated to His Majesty's Minister.

<sup>1</sup> No. 254.

<sup>2</sup> See No. 216, note 4.

<sup>3</sup> For the situation in Manchuria at this time, see the preliminary report of the Commission of Enquiry, dated Mukden, April 30, 1932, and printed in *L/N.O.J.*, S.S. No. 102, pp. 30-32 and as Cmd. 4078 of 1932.

No. 288

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*  
*No. 69<sup>1</sup> Telegraphic [F 3808/1/10]*

TOKYO, April 29, 1932

My immediately preceding telegram.<sup>2</sup>

I saw Minister for Foreign Affairs last night[:] he regretted that it was impossible for Japanese delegation to vote for resolution because it contained reference to the resolution of March 11th which Japanese Government had not approved. He hoped that abstention would not cause any ill feeling at Geneva since no opposition would be offered. He expressed deep appreciation of attitude of yourself and Prime Minister.

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 211 to the Foreign Office at 12.30 p.m. (received at 1.50 p.m.) on April 29.

<sup>2</sup> No. 282.

He added most confidentially that if Japanese delegate voted for resolution Japanese Government would be exposed to such damaging attacks in forthcoming diet for having gone back on their previous abstention that they would probably fall.

I expressed my great regret at decision but could not move him.

Repeated to Shanghai and Foreign Office.

No. 289

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 70<sup>1</sup> Telegraphic [F 3809/1/10]*

TOKYO, April 29, 1932

My immediately preceding telegram.<sup>2</sup>

Minister for Foreign Affairs went on to speak of the Round Table Conference at Shanghai and the necessity for making the town secure from further civil war which he believed would last for years in China. He knows that there were suspicions of Japanese ulterior motives but could assure me that Japanese Government sought nothing but security of the Settlement and commercial facilities for all. He was ready to sign a declaration to that effect at any time. He was convinced of the necessity for Japanese to work in co-operation with other Powers and especially with His Majesty's Government once the recent incident was generally closed.

I told Minister for Foreign Affairs frankly that destruction at Shanghai had roused public opinion everywhere against Japanese and I agreed with him that it was essential for them to co-operate with others in the future. At the same time everyone doubted whether Chinese Government in their present mood would enter Conference.

Minister for Foreign Affairs said that they might well refuse since they would be violently attacked by the Cantonese if they accepted.<sup>3</sup>

Repeated to Shanghai and Foreign Office.

<sup>1</sup> Repeated from Geneva to the Foreign Office as Tokyo telegram No. 212 at 12.30 p.m. (received at 1.50 p.m.) on April 29.

<sup>2</sup> No. 288.

<sup>3</sup> In his despatch No. 231 of April 29 (received in the Foreign Office on May 24) covering the same ground as Nos. 268, 269, and 289, Sir F. Lindley remarked: 'Mr. Yoshizawa did not actually suggest that the conference should take place without the Chinese, nor did I feel authorised to say that in no circumstances would His Majesty's Government enter into a conference without them.'



No. 290

*Sir M. Lampson (Shanghai) to Mr. Patteson (Geneva)*  
*No. 107<sup>1</sup> Telegraphic [Confidential/Telegrams/53/245]*

SHANGHAI, April 29, 1932

Foreign military attachés attended Japanese Emperor's birthday celebrations to-day.

I and my colleagues, after consultation, had decided it better to remain away as peace negotiations had not yet been formally concluded.

Military attaché reports at about 11.30 a bomb was thrown by a man who suddenly appeared near small stand on which final congratulatory speeches were being made. Japanese Minister appeared to be very seriously injured. Japanese generals attending also appeared to receive either head or leg wounds. Assailant was immediately seized by the crowd, but Japanese soldiers eventually managed to get him away.

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 327 Tour to the Foreign Office (received at 6.30 p.m. on April 29).

No. 291

*Sir M. Lampson (Shanghai) to Mr. Patteson (Geneva)*  
*No. 108<sup>1</sup> Telegraphic [Confidential/Telegrams/53/245]*

SHANGHAI, April 29, 1932

My telegram No. 107.<sup>2</sup>

Japanese Minister's personal secretary, Okazaki, gives me following authentic details:—

2. Japanese Minister's right leg is broken above the knee—doctor estimates it will be at least two weeks before leg can be set, but that he will be able to walk after two or three months. His right hand is also injured.

3. General Uyeda has both legs injured and toes of one foot blown away.

4. From other sources I understand Admiral Nomura has one eye injured.

5. Okazaki states definitely that assailant was a Korean probably connected with Korean independent party—they have not so far caught any accomplice.

6. Even before he knew non-Chinese nationality of his assailant, and despite his great pain, Japanese Minister immediately after arrival at hospital dictated a telegram to Tokyo strongly urging Japanese Government to conclude Shanghai negotiations as speedily as possible regardless of what had occurred.

7. At Japanese Minister's request Okazaki asked my advice as to who could now sign agreement in his place. There were technical difficulties in

<sup>1</sup> Repeated by wireless as No. 328 Tour to the Foreign Office (received at 7 p.m. on April 29).

<sup>2</sup> No. 290.

appointing a Chargé d'Affaires so long as Minister was in China. He suggested consul-general (who luckily escaped serious injury beyond flesh wound in the leg) be authorised by Tokyo to sign 'for Minister'. I agreed this seemed adequate. This Okazaki is telegraphing to Tokyo.

8. He also pointed out that General Uyeda would not be able to sign. I said as General Tashiro and Admiral Shiosawa<sup>3</sup> had both been present throughout negotiations as Japanese delegates their signatures should be sufficient. And I have sent message to Japanese Minister that I will undertake to bring Chinese in on any arrangement Japanese may make as above.

9. Okazaki asked how soon conference could meet again, and I replied all we awaited now was news from Geneva that resolution had been passed, when I would at once call meeting—I hoped not later than Monday.<sup>4</sup>

10. I referred to one outstanding point, i.e. Chinese positions south of Suchow Creek, and repeated that I know that Chinese would not yield in any circumstances. I hoped, therefore, that General Tashiro would drop demand, when we could sign without further discussion. He said he would strongly press Tashiro, and hoped that Colonel Badham-Thornhill would continue to do the same. I am arranging this, and have assured Okazaki that I was entirely at the service of his Government in any way I can be over this tragic affair.

11. Might I finally suggest some message of sympathy from His Majesty's Government to Japanese Government and from yourself to Japanese Minister and his injured colleagues?

Repeated to Peking, Mission and Tokyo.

<sup>3</sup> In Sir M. Lampson's despatch No. 550 of May 11 from Peking (received June 25) reporting further on the negotiations this name read 'Shimada'. <sup>4</sup> May 2.

## No. 292

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*

*No. 42 Telegraphic [Confidential/Telegrams/53/246]*

GENEVA, April 30, 1932, 12.33 p.m.<sup>1</sup>

Your telegram No. 108.<sup>2</sup>

On hearing the news His Majesty's Government instructed His Majesty's representative at Tokyo to convey a message of sympathy to the Japanese Government.<sup>3</sup> At the same time I<sup>4</sup> called on Mr. Matsudaira and in the Prime Minister's name and my own informed him how shocked we were by this deplorable occurrence. Please convey an expression of my sincere sympathy and of my admiration of his great courage to Japanese Minister.

<sup>1</sup> Time of repetition as No. 193 L.N. to the Foreign Office (received at 1.40 p.m. on April 30). <sup>2</sup> No. 291.

<sup>3</sup> This instruction was sent in Sir R. Vansittart's telegram No. 77 at 4.40 p.m. on April 29 to Sir F. Lindley. <sup>4</sup> i.e. Sir John Simon.

**No. 293**

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*  
*No. 43 Telegraphic [F 3841/1/10]*

GENEVA, April 30, 1932, 6.30 p.m.<sup>1</sup>

Resolution submitted by Committee of 19 was adopted unanimously by special assembly.<sup>2</sup> Japanese delegate supported the resolution but abstained from voting on the ground that Japanese Government must maintain its reserve regarding application of article 15 of the covenant to Sino-Japanese dispute.

Drafting amendments only were made in text of resolution contained in my telegram No. 167.<sup>3</sup> Text of article 11 is as in your telegram No. 96 to Geneva.<sup>4</sup>

Repeated to Foreign Office and Tokyo.

<sup>1</sup> Time of repetition as No. 194 L.N. to the Foreign Office (received at 7.10 p.m. on April 30).

<sup>2</sup> The official record of this meeting on April 30 is printed in *L/N.O.J.*, S.S. No. 101, pp. 96-99. The text of the resolution is also printed in Cmd. 4077 of 1932.

<sup>3</sup> See No. 236, note 4.

<sup>4</sup> No. 258.

**No. 294**

*Mr. Patteson (Geneva) to Sir M. Lampson (Shanghai)*  
*No. 44<sup>1</sup> Telegraphic [F 3851/1/10]*

GENEVA, April 30, 1932

Please accept an expression of my<sup>2</sup> personal appreciation of your strenuous exertions in the cause of peace which now seem about to be crowned with success. It was especially gratifying to hear the tributes paid to your services in the speeches at the public meeting of the Special Assembly today.

Repeated to Foreign Office No. 41 Saving by bag.

<sup>1</sup> Repeated as No. 41 Saving to the Foreign Office (received at 10.15 a.m. on May 2).

<sup>2</sup> i.e. Sir John Simon's.

**No. 295**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*  
*No. 73<sup>1</sup> Telegraphic [F 3836/1/10]*

TOKYO, April 30, 1932

Sir M. Lampson's telegram 106,<sup>2</sup> paragraph 12.

I saw Minister for Foreign Affairs last night and asked him how it was that instructions reported in my telegram No. 67<sup>3</sup> had not been carried out.

<sup>1</sup> Repeated from Geneva as No. 215 to the Foreign Office at 11.45 a.m. (received at 12.40 p.m.) on April 30.

<sup>2</sup> No. 281.

<sup>3</sup> No. 269.

He had no information of any hitch still outstanding and said he would enquire at once and let me know this morning.

He has just rung up to say that there was a misunderstanding between him and his colleagues and that he is about to have a conference with Minister of War and Minister of Marine both on the question of declaration and on Shanghai outrage. He would let me know result this evening.

I informed him of contents of paragraph 10 of Sir M. Lampson's telegram No. 108<sup>4</sup> and insisted that Japanese must make concession on this point. If they did not they would wreck the armistice. Moreover I was personally in an invidious position since I had informed you that the necessary instructions would be sent.

I took the opportunity last night to impress on Minister for Foreign Affairs and Minister of War necessity of not allowing Shanghai outrage to hinder armistice. Their attitude was hopeful but all depends on to-day's conference.

Repeated to Shanghai.

<sup>4</sup> No. 291.

## No. 296

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 74<sup>1</sup> Telegraphic [Confidential/Telegrams/53/246]*

TOKYO, April 30, 1932

My immediately preceding telegram.<sup>2</sup>

I have just seen Minister for Foreign Affairs, who informed me that the Japanese Government had decided to continue armistice negotiations as if nothing had happened.<sup>3</sup>

As regards declaration by the Chinese, he made it clear there had been genuine misunderstanding and that the General Staff had not dropped their demand. He had been discussing it with them to-day and had made some headway. I used every argument in favour of dropping the demand, and said that the worst possible impression would be produced all over the world if armistice failed over this point as it certainly would if insisted on. Minister for Foreign Affairs promised to continue his efforts and I do not doubt he will. The matter will be taken up afresh at the first armistice conference.

(Confidential).

Minister for Foreign Affairs told me most confidentially, with special

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 216 to the Foreign Office at 8.10 p.m. (received at 9 p.m.) on April 30.

<sup>2</sup> No. 295.

<sup>3</sup> Sir F. Lindley's telegram No. 72 to Mr. Patteson (Geneva) of even date (repeated from Geneva as Tokyo telegram No. 214 to the Foreign Office) said that the Japanese press was most restrained in commenting on the Shanghai outrage, and that there was no tendency to make it the occasion for an attack on the Chinese.

request that Sir M. Lampson gives the information to no one, that the General Staff had agreed to drop their demand as regards positions south of Suchow Creek, but wished to insist regarding Pootung, which both the naval and military declared threatened shipping.

Repeated to Shanghai.

**No. 297**

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 110<sup>1</sup> Telegraphic [F 3846/1/10]*

SHANGHAI, April 30, 1932

My telegram No. 108.<sup>2</sup>

I have explained fully to Kuo suggestions, in paragraphs 7, 8 and 9, of signatories and he personally sees no objection whatever and is so informing his government.

I impressed on him that I did not yet know the views of the Japanese Government on these tentative proposals and that the matter must be regarded as quite informal till we do know.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated as No. 329 Tour to the Foreign Office (received at 6 p.m. on April 30).

<sup>2</sup> No. 291.

**No. 298**

*Mr. Holman (Peking) to Sir J. Simon (Received May 6, 8.45 p.m.)*

*No. 227 Telegraphic: by wireless [F 4024/27/10]*

PEKING, April 30, 1932<sup>1</sup>

His Majesty's Minister's telegram No. 4 to Amoy.<sup>2</sup>

His Majesty's Consul at Amoy reports at interview on April 26th Admiral Lin<sup>3</sup> expressed confidence in his ability to deal with communists in Amoy and added that he had telegraphed to Canton for a division to be sent by sea to attack Changchow.<sup>4</sup> He naturally accepted responsibility for protection of British lives and property. His Majesty's Consul doubts whether Admiral could withstand determined attack by communists on Amoy unless reinforced.

Communists demanding places occupied . . .<sup>5</sup> and are holding prominent persons as . . .<sup>6</sup> Refugees continue to arrive at Amoy where presence of foreign men-of-war is main factor in maintaining order.

Repeated to His Majesty's Minister.

<sup>1</sup> Date of drafting: this telegram was despatched by wireless on May 6.

<sup>2</sup> No. 261.

<sup>3</sup> Chinese Naval Commander at Amoy.

<sup>4</sup> Peking telegram No. 251 of May 10, not printed, transmitted a report of May 7 from Amoy, in which Mr. Jamieson stated: 'No signs of assistance from Canton troops.'

<sup>5</sup> The text is here uncertain. Another text read: 'occupied by them'.

<sup>6</sup> The text is here uncertain.

No. 299

*Mr. Holman (Peking) to Sir J. Simon (Received April 30, 9.30 p.m.)*

*No. 230 Telegraphic: by wireless [F 3845/1/10]*

PEKING, April 30, 1932

Following received from Mukden No. 35 of April 29th.

Begins.

Addressed to His Majesty's Minister, Shanghai, repeated to Peking No. 35, also Harbin and Dairen by post.

Lord Lytton has received assurances from the Japanese authorities that the difficulty regarding Wellington Koo<sup>1</sup> has been removed but this has not yet been confirmed by the Government of the new State.

The Commission leaves here morning of May 2nd for Changchun.

<sup>1</sup> Cf. Nos. 207 and 218.

No. 300

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 24)*

*No. 237 [F 4388/40/23]*

*Most confidential*

TOKYO, April 30, 1932

Sir,

In Mr. Snow's despatch No. 583 of the 5th November, 1930,<sup>1</sup> he had the honour to report the appointment of Mr. Arita to be Japanese Minister at Vienna. This gentleman arrived here on leave of absence in the early part of the year and it was freely rumoured that he was about to replace Mr. Nagai as Vice-Minister for Foreign Affairs. These rumours died down but I have just heard on the most confidential but absolutely reliable authority that it has now been decided that Mr. Arita should be appointed Vice-Minister and that Mr. Nagai should be temporarily, at any rate, unemployed.

2. For many reasons I shall regret the departure of Mr. Nagai who is one of the few Japanese officials who have an absolutely first-class command of the English and French languages. He is, moreover, a most agreeable and easy man to do business with; and his wife is one of the most charming Japanese ladies in Tokyo. On the other hand, Mr. Nagai has made no secret to foreign representatives that he is entirely out of sympathy with recent Japanese policy; and this fact has led him into the habit of agreeing with all our criticisms and failing to keep us properly informed of the real intentions of the Japanese Government. In fact my French colleague has gone so far as to say, somewhat unfairly, 'qu'il est là pour mentir aux diplomates'.

3. Mr. Arita, I understand, is a man of quite a different stamp. He is one of the forward school and has no doubt been chosen for that reason. I have

<sup>1</sup> Not printed.

not yet made his acquaintance; and, since Mr. Nagai's views obviously carried no weight whatsoever with his Government, it may be the change will do more good than harm from the point of view of foreign diplomats.<sup>2</sup>

I have, &c.,

F. O. LINDLEY

<sup>2</sup> Sir F. Lindley subsequently reported in Tokyo despatch No. 255 of May 11 (received June 6) that Mr. Arita had that day been appointed Vice-Minister for Foreign Affairs. He added: 'Mr. Neville, the American Chargé d'Affaires, who knew Mr. Arita well when the latter was head of the Asiatic Bureau, tells me that he is not at all a fire-eater but a sensible and agreeable official. He owes his appointment, no doubt, to the fact that he served under Mr. Yoshizawa in the Japanese Legation at Peking and at Geneva during the Council Meetings of last autumn.'

### No. 301

*Letter from Sir J. Simon (Geneva) to Mr. Stimson<sup>1</sup>*

[F 3971/451/10]

*Private and Confidential*

GENEVA, April 30, 1932

My dear Mr. Stimson,

When we spoke about Manchuria the other day,<sup>2</sup> I promised to let you have my latest information as to the action of the Manchurian authorities in relation to the administrative integrity of China. There are two separate points to be mentioned, one as regards the customs and the other as regards the salt gabelle.

(1) As regards the customs, I have refreshed my memory of our latest telegrams and find that I was correct in what I told you about the procedure which appears now to be contemplated for ensuring the continued contribution by Manchuria to the service of the Chinese loans secured on the customs. As I understand it, the suggestion is that the Commissioners of Customs at Manchurian ports will continue to pay revenue into the local bank in the usual way. The structure of the customs administration will remain unchanged. It so happens that the revenue collected at Dairen (in the Japanese leased territory) is approximately equal to what would be the appropriate quota for Manchuria to pay for the service of the foreign loans. The Dairen revenue will continue to be remitted by the bank to Shanghai, but at all other ports in Manchuria, the Manchurian authorities will issue orders to the bank concerned (which is in every case a Chinese bank) not to obey any instructions the Commissioner may give with regard to remitting the revenue to Shanghai, but to remit the whole revenue to Mukden (or Changchun).

<sup>1</sup> This letter is also printed in *F.R.U.S. 1932*, vol. iii, pp. 738-40. A copy was filed in the Foreign Office on May 5.

<sup>2</sup> No record of this conversation has been traced in Foreign Office archives; cf. note 4 below. Mr. Stimson's telegram from Geneva of April 30 to the Acting Secretary of State (see *ibid.*, p. 734) referred to 'most satisfactory interviews' with Sir J. Simon and others 'during the past week'. The customs problem had been discussed by Mr. Stimson and Sir J. Simon on April 16 (see No. 228).

The Chinese Government, I understand, intend under this arrangement to permit the customs houses in Manchuria to continue to function as usual, and, as I have said, there will be no breach in the structure of Chinese customs. There would result a diversion of a portion of the revenue, but no breach in the integrity of the customs administration. In this arrangement we believe the Nanking Government are prepared to acquiesce, largely as a result of the representations made to them by the Chinese banks which have branches all over China including Manchuria and which are naturally anxious to see maintained the integrity both of the customs administration and of the Chinese State. If a separate Manchurian customs system should be set up, this would be a break in the unity of the customs administration which is the firmest foundation on which to re-build China financially and which may well prove in the long run a powerful instrument for drawing China and Manchuria together again. It is these considerations, as you know, which have made us doubt whether what is happening in connection with the disposal of the proceeds of the customs constituted a good ground for alleging a breach of administrative integrity.

(2) Salt. On the other hand the news we have just received about the salt gabelle<sup>3</sup> does indicate a very real threat to the integrity of its administration. Our information is as follows: The Manchurian authorities have appointed a Japanese, named O. Nakada, to take charge of the Manchurian salt gabelle. His first act appears to have been to close the district inspectorate at Newchwang and doubtless the other district inspectorates will be closed in due course. While the salt gabelle, for various reasons, is not so powerful a binding force as the customs administration, yet the disruption of the salt gabelle and the establishment of a separate district salt gabelle in Manchuria is undoubtedly just such a breach of the administrative integrity of China as was contemplated in Article 1 of the Nine Power Treaty.

Now if I understand you rightly, you are not anxious that any representations you may think fit to make should necessarily be based on the integrity of the customs. It appears to me that the action of the Manchurian authorities in regard to the salt gabelle offers a far better ground for such representations. I am as anxious as you are that our Governments should act together if we possibly can and such consideration as I have so far been able to give the matter inclines me personally to think that we might well make joint or similar representations to the Japanese Government, whether by identic notes or otherwise, to show that we are not prepared to remain silent while a solemn international obligation is being violated. If therefore, you will let me know that you agree, I shall be happy to look very carefully into the possibility of making some such representations when I get back to London.<sup>4</sup>

Yours very sincerely,  
JOHN SIMON

<sup>3</sup> See Nos. 166 and 273.

<sup>4</sup> In a note of May 3 to Mr. Orde, Mr. N. B. Ronald, private secretary to Sir J. Simon, wrote with regard to this letter of April 30 that 'after seeing Mr. Stimson on two occasions to talk over the question of representations to Japan about Manchurian customs the S. of S.



decided to write the letter of which a copy is attached [i.e. printed above]. When Mr. Stimson saw the S. of S. on May 1st. he appeared to be attracted by the proposal and had telegraphed to Washington about it. Since then we have heard nothing. . . .'

Sir J. Pratt minuted on May 5: 'Mr. Stimson had been pressing the Sec. of State for some days at Geneva to join in the proposed representations over the Customs Administration. When the F.O. letter in F 3546/552/10 [No. 273] was received in Geneva this suggested a way out of the difficulty, viz., that we should switch the proposed representations from Customs to Salt. J. T. Pratt.'

## No. 302

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 76<sup>1</sup> Telegraphic [Confidential/Telegrams/53/246]*

TOKYO, May 1, 1932

My immediately preceding telegram.<sup>2</sup>

Signs are not wanting that the military intend utilising the outrage in order to put the screw on the Chinese.

(Repeated to Shanghai).

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 218 to the Foreign Office at 1.40 p.m. (received at 2.30 p.m.) on May 1.

<sup>2</sup> Of May 1, not printed: repeated from Geneva as Tokyo telegram No. 217 to the Foreign Office (received at 2.30 p.m.) on May 1. It reported that the Minister for Foreign Affairs had stated on the previous night that a thorough enquiry was being made to discover who was behind the Korean who threw the bomb (see No. 290).

## No. 303

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 111<sup>1</sup> Telegraphic [F 3864/1/10]*

SHANGHAI, May 1, 1932

*Confidential.*

My telegram No. 108.<sup>2</sup>

At the confidential request<sup>3</sup> of Okazaki I have once more instructed the military attaché to mobilise his three colleagues and formally impress on General Tashiro the extreme unwisdom of further pursuing this question of Chinese position south of Suchow Creek. I have authorised Colonel Badham-Thornhill to inform General Tashiro of my futile efforts at Nanking and of my conviction that Chinese will prefer no agreement at all to meeting Japanese demand.

2. General Tashiro is particularly inelastic and difficult individual: and it will be lamentable if through adhering to this point he now wrecks the

<sup>1</sup> Repeated by wireless as No. 330 Tour to the Foreign Office (received at 9.30 a.m. on May 2).

<sup>2</sup> No. 291.

<sup>3</sup> These four words were underlined on the filed copy.

agreement. Nor is he either militarily or substantially justified in raising it. (1) Because International Settlement Concession will be between Japanese troops and any Chinese forces after withdrawal of former from present position; (2) Because in our original discussions with Japanese Minister any such pretention [*sic*] was certainly never in anyone's mind.<sup>4</sup> All that was intended was some safeguard (which finally took the form of article 2 of draft agreement) that Chinese troops would not at once occupy areas to be evacuated by Japanese forces.

3. If therefore General Tashiro persists in pursuing this further when conference meets again my three colleagues and I shall be obliged to take an outside line<sup>5</sup> (on which we have already agreed amongst ourselves) and the whole business may assume unfortunate aspect which I have so far prevented it doing.

4. Possibly very firm repetition by His Majesty's Ambassador at Tokyo of what he has already said might help to cause General Tashiro to be instructed simply to let the matter tacitly drop.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>4</sup> In Sir M. Lampson's despatch No. 550 (cf. No. 291, note 3) the corresponding passage read: '... Minister it had never entered any of our minds that the agreement should extend to any areas not directly involved in the hostilities.'

<sup>5</sup> In Sir M. Lampson's despatch No. 550, *op. cit.*, the corresponding passage read: 'to take an outspoken line, even at the risk of introducing an element of taking sides which had hitherto been successfully kept out of the proceedings'.

#### No. 304

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 113<sup>1</sup> Telegraphic [F 3847/1/10]*

SHANGHAI, May 1, 1932

Okazaki has just delivered to me and my colleagues<sup>2</sup> the following official message.

2. Japanese Government desire to proceed with negotiation of agreement for cessation of hostilities notwithstanding Hongkew Park incident.<sup>3</sup> But they reserve liberty as to measures which they may take as a result of investigation into that incident.

3. Commenting on above Mr. Okazaki said that second sentence might be read 'very lightly'. There had been rumours that incident had been instigated by 19th route army: and naturally Japanese Legation had been bound to report them. Nevertheless General Tashiro wished to go ahead treating the two things quite separately.

4. I told him the whole world would welcome this decision as one worthy of a Great Power. As to alleged implication of 19th route army I greatly

<sup>1</sup> Repeated by wireless as No. 332 Tour to the Foreign Office (received at 6.15 p.m. on May 1).

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iii, p. 741.

<sup>3</sup> Cf. No. 291, paragraph 6.

doubted its accuracy. Moreover only yesterday I had received information from a secret source that incident was without any collusion whether with Chinese communist party or organization, though I gave him this information as highly confidential and personal to himself.

5. I . . . (? Geneva telegram 43)<sup>4</sup> and gist of Tokyo telegram No. 73 to Geneva:<sup>5</sup> and enquired when Japanese delegation would be ready to resume conference so as finally to wind matters up. It would be disastrous [*sic*] and put Japan in extremely bad posture if we were at last moment held up over one outstanding point regarding Chinese positions, upon which incidentally at this very moment our military attachés were in conversation with General Tashiro in endeavour to dispose of it. Okazaki replied that as soon as Tashiro was ready to have main conference called we could go ahead and that he would keep me informed.

6. I intimated that I was arranging in any case to leave Shanghai by air for Peking via Nanking on Thursday<sup>6</sup> morning at the very latest and that I hoped General Tashiro would do me the personal favour of ensuring signature before then.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>4</sup> The text is here uncertain; see No. 293.

<sup>5</sup> No. 295.

<sup>6</sup> May 5.

### No. 305

*Sir M. Lampson (Shanghai) to Sir F. Lindley (Tokyo)*

*No. 275<sup>1</sup> Telegraphic [F 3865/1/10]*

SHANGHAI, May 1, 1932

Your telegram No. 74 to Geneva.<sup>2</sup>

From the outset Chinese have been even more determined over Pootung than area south of Suchow creek.

If Japanese are determined to press for Pootung I regard negotiations as definitely wrecked and Japan will not have a leg to stand on politically, militarily or, I may add, reasonably. We have all of us had shipping on the river here for generations and no one has hitherto raised the absurd suggestion . . .<sup>3</sup> in any way.

3. If Japanese now raise that plea they will merely look ridiculous in the eyes of the whole world.

I beg Minister for Foreign Affairs be moved to drop all this. I am leaving here Thursday<sup>4</sup> morning at latest whether agreement has been signed by then or not. In latter case it may cause some stir especially if every one knows (as they will be bound to) that delay is entirely due to Japan.

Repeated to Geneva, Foreign Office, Peking and Mission.

<sup>1</sup> Repeated by wireless as No. 333 Tour to the Foreign Office (received at 9 a.m. on May 2).

<sup>2</sup> No. 296.

<sup>3</sup> The text is here uncertain. Another text of this telegram here read: 'suggestion that it is in any way threatened'.

<sup>4</sup> May 5.

No. 306

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*  
*No. 115<sup>1</sup> Telegraphic [F 3866/1/10]*

SHANGHAI, May 1, 1932

My telegram No. 113.<sup>2</sup>

Military Attaché has been working all day upon General Tashiro and I rather hope that way round difficulty may be found by means of some interpretative pronouncement based on last sentence of Article 1.

Kuo informs me he is ready for meeting of conference at any time now and that he hopes to sign on Tuesday.<sup>3</sup> I told him of difficulty over Tashiro's demands and that if Military Attaché succeeded in evolving a way round I should look to him, Kuo, to accept it. He was inclined to be sticky so I felt impelled to deal with him somewhat summarily.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Repeated by wireless as No. 334 Tour to the Foreign Office (received at 9.30 a.m. on May 2).      <sup>2</sup> No. 304.      <sup>3</sup> May 3.

No. 307

*Mr. Patteson (Geneva) to Sir F. Lindley (Tokyo)*  
*No. 34<sup>1</sup> Telegraphic [F 3842/1/10]*

GENEVA, May 1, 1932

Sir M. Lampson's telegrams Nos. 111, 113 and 114 to Geneva.<sup>2</sup>

You should at once inform the Japanese Government that though Assembly approved agreement,<sup>3</sup> it did so without any great enthusiasm. It did not regard agreement as an ideal arrangement from China's point of view and only endorsed it on the ground that both sides were prepared to sign it forthwith. Nagaoka stated in terms that Japan was prepared to sign on May 2nd. If the Japanese Government now raise difficulties in the way of signature they will lose all sympathy in every quarter outside Japan.

I<sup>4</sup> have myself spoken strongly in this sense to the Japanese representatives here and you should inform the Japanese Government of this, renewing to them most energetically representations which you have already made.

Repeated to Shanghai and Foreign Office.

<sup>1</sup> Repeated as No. 197 L.N. to the Foreign Office at 2.25 a.m. (received at 9.30 a.m.) on May 2.

<sup>2</sup> i.e. Nos. 303, 304, and 305.

<sup>3</sup> See No. 293.

<sup>4</sup> i.e. Sir John Simon.

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*  
*No. 117<sup>1</sup> Telegraphic [F 3886/1/10]*

SHANGHAI, May 2, 1932

With a view to finding some way out of impasse regarding position of Chinese troops east of Wangpu River and south of International Settlement and French Concession Military Attaché has been holding informal conversations with both sides.

2. Results so far have not been encouraging but new formula as follows which was produced at an informal meeting yesterday of neutral Attachés with Japanese military delegate showed some promise of being acceptable to both sides 'in the event of any suspected hostile movement of troops around Shanghai the situation in this respect will upon request by either party be ascertained by representatives of participating friendly powers, members of joint commission, who will call attention to situation so created in accordance with their functions as defined in Article I'; it is hoped that words 'either party' will appeal to Chinese delegates who have not yet seen actual text. It is not intended that this formula should be incorporated in agreement but that it should be subject of a verbal acknowledgment by both sides, to be recorded in the proceedings, that latter part of Article I will be interpreted in this sense.

3. General Tashiro left military Attaché with impression that he personally is prepared to accept formula but said he felt it necessary to telegraph to Tokyo. This he has done by urgent telegram to which he expects reply by this evening.

4. Informal meeting with Chinese delegate on military sub-committee has been arranged for 11 a.m. to-day.<sup>2</sup>

Repeated to Foreign Office, Mission, Peking and Tokyo.

<sup>1</sup> Repeated by wireless as No. 336 Tour to the Foreign Office (received at 7 p.m. on May 2).

<sup>2</sup> With reference to this meeting between General Huang and Colonel Badham-Thornhill, Sir M. Lampson (in his despatch No. 550 of May 11, *op. cit.*) wrote that Colonel Badham-Thornhill reported to him at the Colleagues' daily meeting on May 2 that General Huang had taken violent objection to the use of the words 'around Shanghai' because of their suspected connexion with the demilitarization proposal and that this threatened 'to hold matters up again' and that he (Sir M. Lampson) 'at once telephoned to Mr. Kuo Tai-chi, explained the difficulties which had arisen and besought him to explain to General Huang that the formula was innocuous and that it was not necessary to read any suggestion of demilitarisation into the words "around Shanghai"'. Sir M. Lampson continued: 'I pointed out that the phraseology of the formula purposely followed that of Article 1 of the Agreement. My arguments were reinforced by those of Mr. Johnson, who pressed Mr. Quo not to allow any further difficulties to be raised. Mr. Quo seemed to be impressed. He agreed that the formula, which he took down at my dictation, appeared to be innocuous and he promised to refer it at once to Nanking by telegram for favourable consideration. He also undertook to speak to General Huang.'

At the same daily meeting on May 2 a request from Geneva for the resumption of 'Situation Reports' [cf. No. 37, note 4] was noted and it was agreed that the four Military Attachés should resume the compilation of these reports: for that of May 2, see *L/N.O. J.*, *S.S. No. 101*, p. 220.

No. 309

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 77<sup>1</sup> Telegraphic [F 3887/1/10]*

TOKYO, May 2, 1932

Sir M. Lampson's telegram No. 111,<sup>2</sup> last paragraph.

I let Minister for Foreign Affairs read Sir M. Lampson's telegram No. 275 (? to me)<sup>3</sup> this morning. It was practically identical with language I used to Minister for Foreign Affairs on April 29th and April 30th<sup>4</sup> and it was clear that he agreed with it. He assured me that he would do all he could and was confident that last difficulty to signing would be surmounted.

Repeated to Shanghai and Foreign Office.

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 220 to the Foreign Office at 3.35 p.m. (received at 4.30 p.m.) on May 2.

<sup>2</sup> No. 303.

<sup>3</sup> No. 305.

<sup>4</sup> See Nos. 295-6.

No. 310

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 78<sup>1</sup> Telegraphic [F 3888/1/10]*

TOKYO, May 2, 1932

Your telegram No. 34.<sup>2</sup>

I have just seen Minister for Foreign Affairs who informs me that instructions were sent this afternoon to sign agreement as arranged between Japanese and foreign military attachés. If there is any further hitch he declared it could only be due to some new Chinese proposal that he . . .<sup>3</sup>.

Repeated to Shanghai and Foreign Office.

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 221 to the Foreign Office at 3.35 p.m. (received at 4.15 p.m.) on May 2.

<sup>2</sup> No. 307.

<sup>3</sup> The text is here uncertain.

No. 311

*Sir F. Lindley (Tokyo) to Sir J. Simon (Geneva)*

*No. 79<sup>1</sup> Telegraphic [F 3889/1/10]*

*Confidential.*

TOKYO, May 2, 1932

I hear from a confidential and trustworthy source that Japanese Government have decided to ship whole of 14th division direct from Shanghai to Manchuria as soon as armistice is signed.

Repeated to Shanghai, Foreign Office No. 222.

<sup>1</sup> Repeated from Geneva as Tokyo telegram No. 222 to the Foreign Office at 3.35 p.m. (received at 4.15 p.m.) on May 2.

## No. 312

*Mr. Holman (Peking) to Sir J. Simon (Received May 2)*

*No. 231 Telegraphic: by wireless [F 3890/1/10]*

My telegram No. 224.<sup>1</sup>

PEKING, May 2, 1932

Japanese Consul-General, Harbin, informs His Majesty's Consul-General confidentially Japanese troops were despatched by river April 28th to attack General Zitu's [? Li Tu's] troops at Sanhsing. Sporadic fighting east of Imienpo.

Old Kirin troops said to have come from Hailung unsuccessfully attacked Harbin in force same day from the north side of river. Two important bridges destroyed on eastern branch of Chinese Eastern Railway near Shihtohotze.<sup>2</sup>

Repeated to His Majesty's Minister.

<sup>1</sup> No. 287.

<sup>2</sup> In his despatch No. 59 of May 2 to Sir M. Lampson (not printed: copy received in the Foreign Office on May 18) Mr. Eastes reported from Mukden that the progress of work on the Tunhua-Kainei railway was being seriously hampered by the operations of brigands, with which the country to be traversed by that line was infested.

## No. 313

*Sir M. Lampson (Shanghai) to Mr. Jamieson (Amoy)*

*No. 7 Telegraphic [F 3931/27/10]*

SHANGHAI, May 3, 1932, 11.55 a.m.<sup>1</sup>

Senior Naval Officer reports that Consular Body have requested landing of a force to protect life and property in Kulangsu.<sup>2</sup>

2. Please telegraph your observations.

3. You should as already directed keep in closest touch with Chinese local authorities whose duty it is to afford protection in the first instance. Nor do I follow why force should be landed at instance of *Chinese* residents as reported by Senior Naval Officer. You will bear in mind our duty is to protect not Chinese but our own peoples' lives and property on lines laid down in correspondence during recent years.<sup>3</sup>

Repeated to Foreign Office, Peking and Mission.

<sup>1</sup> Time of repetition by wireless as No. 337 Tour to the Foreign Office (received at 9 a.m. on May 4).

<sup>2</sup> Cf. No. 298.

<sup>3</sup> In Peking telegram No. 247 of May 9 to the Foreign Office (received at 9.30 a.m. on May 11) Mr. Holman transmitted the following reply from Mr. Jamieson: 'His Majesty's Consul reports that Municipal Council informed Consular Body April 30th that in view of gravity of situation police force was not adequate for protection of life and property in settlement. Council therefore proposed that police should be reinforced by naval landing parties until situation became normal. Council's request was based on representations of Chinese residents in settlement who were doubtful of loyalty of Admiral Lin's forces.' Mr. Holman added: 'Owing to inability of Americans to co-operate [cf. No. 264, note 4] scheme for naval landing parties has been for the present abandoned but His Majesty's Consul reported May 5th that situation was already easier.'

*Sir M. Lampson (Shanghai) to Sir J. Simon (Geneva)*

*No. 119 Telegraphic [F 3932/1/10]*

SHANGHAI, May 3, 1932, 6.45 p.m.<sup>1</sup>

My telegram No. 96.<sup>2</sup>

Report of proceedings of military sub-committee of May 2nd.

Meeting opened at 6 p.m. as a result of informal conversations throughout the day between Colonel Badham-Thornhill and delegates from both sides.

Tentative formula text of which is contained in my telegram No. 117<sup>3</sup> was discussed. After many hours of argument wording was accepted as satisfactory to both sides except that words 'in the vicinity and neighbourhood of' were substituted for word 'around' before word 'Shanghai'.

(2) This formula and its application under Article 1 should dispose of one outstanding problem of positions of Chinese troops south of Suchow creek and in areas south and south-west of Settlement.<sup>4</sup>

(3) I desire to record indebtedness of all of us to Colonel Badham-Thornhill for his untiring efforts to surmount this difficulty—success of which is entirely due to him.

Repeated to Foreign Office, Peking, Mission and Tokyo.

<sup>1</sup> Time of repetition by wireless as No. 338 Tour to the Foreign Office (received at 9 a.m. on May 4).

<sup>2</sup> No. 258.

<sup>3</sup> No. 308.

<sup>4</sup> The detailed report of this Military Sub-Committee meeting (received in the Foreign Office on June 14 under Shanghai formal covering despatch No. 120 T.S. of May 3) gives the following additional information with regard to Chinese troops in the Pootung areas to the east of the Whangpoo River: 'For the purpose of record and with a view to facilitating the duties of the joint commission, the Chinese delegates have voluntarily communicated to the neutral Military Attachés, delegates of the sub-committee, to the following effect: That as regards the Pootung area the Chinese authorities have upon numerous previous occasions repeatedly declared that it is outside the scope of the Armistice Conference and this view has been confirmed by the representatives of the participating friendly powers present.

'However, as a matter of courtesy and convenience to the Military Attachés of said Powers, and to avoid possible misunderstanding, the Chinese have confirmed their verbal statement that there are at present no Chinese troops in the entire following area east of the Whangpoo north of the following points: line from Yangtze River to Chao-chia-lu thence along the light railway to point where it turns northwest thence following creek to Chen-chia-tze via Yin-chia-shu to Lo-chia-pang where it joins the American Standard Oil Installation. And that for the present the Chinese Authorities have no intention of despatching troops to the said area. The police force there should be sufficient to maintain order but the Chinese Authorities as a matter of course reserve all rights to despatch troops into the area should such action be necessary, in case of emergency, to maintain law and order.'



## No. 315

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received May 3, 5.30 p.m.)*  
*No. 340 Tour. Telegraphic [F 3924/1/10]*

*Immediate*

SHANGHAI, May 3, 1932, 11.30 p.m.

Arrangements had been made here for signature of agreement on Thursday next<sup>1</sup> when this afternoon Reuter from London dated May 2nd was published stating Mr. Eden in the House of Commons 'denied suggestion that joint commission would be able to give a majority decision regarding Japanese withdrawal nor would he endorse the suggestion that both Chinese and Japanese Governments had agreed to accept a majority vote'.<sup>2</sup>

2. Coming upon attack on Kuo this morning<sup>3</sup> this has created most unfortunate effect here and Kuo who is greatly perturbed wants some 'reassuring' statement from me upon it.

3. I am endeavouring to calm him on the lines that in abbreviating what was said message no doubt conveys a misleading impression to the un-initiated.

4. I cannot too strongly deplore any statement at home which though it may literally be accurate is liable to be misunderstood by the Chinese public and may very easily upset signature. Passions are running more strongly here than is perhaps realised at home.<sup>4</sup>

<sup>1</sup> May 5.

<sup>2</sup> See 265 *H.C. Deb.* 5 s., cols. 789-90 for Mr. Eden's replies on May 2 to Mr. N. Maclean's questions.

<sup>3</sup> See No. 316 below.

<sup>4</sup> In paragraph 9 of his despatch No. 550 (see No. 291, note 3), Sir M. Lampson wrote: 'The negotiations were at this time being followed very closely by the Chinese public, who were jealously watching this particular question of the Chinese positions east of the Whangpoo and south of the Soochow Creek. The strength of popular feeling on the subject was manifested not only by demonstrations of the foregoing character [i.e. the attack on Mr. Quo] but also by written representations made to myself and the other neutral representatives on the Conference from local Chinese organisations protesting against any proposal which would restrict the right of the Chinese to station troops in Pootung and Nantao. There is little doubt that the attack on Mr. Quo brought home to the Japanese the force of the Chinese delegates' contention that it was impossible for them to make any further concession on this point, and to this extent it proved a blessing in disguise.'

## No. 316

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received May 4, 9.30 a.m.)*  
*No. 339 Tour. Telegraphic: by wireless [F 3933/1/10]*

SHANGHAI, May 3, 1932

Kuo's house was visited this morning by students who apparently on basis of false reports in Chinese press charged him with selling his country in connection with present negotiations and without giving him opportunity

of making any explanations attacked him. He suffered a fairly severe cut over one eye.

2. I am seeing him at once and will ascertain how far he is incapacitated from attending conference which is otherwise now ready to be wound up.

3. Some message of sympathy to Kuo would I am sure be appreciated.<sup>1</sup> Repeated to Geneva, Peking, Mission and Tokyo.

<sup>1</sup> In Foreign Office telegram No. 75 of May 5, Sir J. Simon asked Sir M. Lampson to convey to Mr. Quo Tai-chi his regrets on hearing of the assault.

### No. 317

*Sir M. Lampson (Shanghai) to Sir F. Lindley (Tokyo)*

*No. 281<sup>1</sup> Telegraphic [F 3973/1/10]*

SHANGHAI, May 3, 1932

Okaz[a]ki has just brought me the following declaration which Japanese delegation under insistent instructions from their Government feel they must make at the time of signing agreement.

'The Chinese delegate states in his note addressed to representatives of participating friendly powers that Chinese side reserve the right to despatch troops when necessary for maintenance of order.

'I understand such despatch of troops is to be carried out after approval of Joint Commission has been obtained. It is desired that this understanding be placed on record in minutes.'

2. I have explained to Okaz[a]ki that prior approval of commission never was contemplated and certainly will never be admitted. That it would be fatal to make such a suggestion and that it was very much in that sort of suspicion that Kuo was attacked and injured this morning.<sup>2</sup>

3. He informs me General Tashiro fully shares our view here that above declaration is quite unnecessary, point being already covered by formula regarding article 1 of agreement agreed to by both sides last night telegraphed to you this morning;<sup>3</sup> so strongly indeed does he feel this that he even speaks of resigning but Tokyo insists and what can Tashiro do.

4. I stated I quite anticipated such a declaration would prevent the Chinese signing and that it seemed the height of folly as well as entirely

<sup>1</sup> Repeated by wireless as No. 341 Tour to the Foreign Office (received at 9.30 p.m. on May 4).

<sup>2</sup> See No. 316. Another incident 'which might have been productive of serious consequences' occurred on the evening of May 3 and was reported by Mr. Brenan in Shanghai despatches Nos. 185 and 193 to Sir M. Lampson of May 9 and 19 (copies received in the Foreign Office on June 27 and July 7 respectively under Peking formal covering despatches No. 557 of May 17 and No. 623 of May 30). Some sixty Japanese marines stationed in Chapei crossed into the International Settlement after alleged provocation by a number of Chinese; cf. *F.R.U.S.* 1932, vol. iv, pp. 11-12.

<sup>3</sup> Cf. No. 314.

unnecessary to make it. So strongly did I feel this that I would telegraph *urgently* to His Majesty's Ambassador at Tokyo in the hope he could induce Japanese Government to drop it. Okaz[a]ki welcomed this saying that Japanese delegation here would be very greatly relieved if the whole idea were dropped.

5. Should Japanese Government still insist on making some declaration I suggest last two sentences be omitted and the following substituted for them: 'In the event of any such troop movement as contemplated above appearing to Japanese side as having hostile intentions Japanese authorities understand that they have the right to call attention of representatives of participating friendly Powers members of Joint Commission thereto under article 1.' But it would be very much better to drop the idea of declaration altogether as it may mean further hitch with Chinese side: and it is high time agreement were signed forthwith.

6. Can you help? We meet to sign at 10 a.m. Thursday.<sup>4</sup>

Please repeat to Geneva No. 121. Repeated to Foreign Office, Geneva, Peking and Mission.

<sup>4</sup> May 5.

### No. 318

*Mr. Holman (Peking) to Sir J. Simon (Received May 3, 8.15 p.m.)*

*No. 233 Telegraphic: by wireless [F 3937/27/10]*

PEKING, May 3, 1932

His Majesty's Consul-General, Canton, reports April 29th, that political situation in South is still indeterminate. Sun Fo clique<sup>1</sup> have been urging Marshal Chen<sup>2</sup> to take stand in condemning Nanking policy towards Japanese. The Marshal however is apparently not anxious to commit himself too far.

His Majesty's Consul-General considers Canton Government will probably for the moment confine themselves to guarding their Kwangtung-Fukien frontier. Nanking is being continually pressed to grant financial assistance of one million dollars a month for Kwangtung and balance of ten thousand dollars for Kuangsi for anti-communist campaigns. So far only \$500,000 has been promised.

Repeated to His Majesty's Minister.

<sup>1</sup> Cf. No. 25, paragraph 34.

<sup>2</sup> Marshal Chen Chi-tang was Commander of the First Army Group at Canton.

*Record of a meeting at Shanghai on May 3, 1932<sup>1</sup>*

[F 4831/1/10]

SHANGHAI, May 3, 1932

*Daily Meeting with Colleagues*

Present: H.M. Minister  
The American Minister  
The French Chargé d'Affaires  
The Italian Chargé d'Affaires  
Mr Blackburn<sup>2</sup>

Sir M. Lampson asked Mr Blackburn to explain the developments which had taken place since the meeting on the previous day.

Mr Blackburn said that Colonel Badham-Thornhill had seen General Tashiro in the course of the morning, when the latter had confidentially given him an assurance that no further difficulty would be made about the Chinese positions.<sup>3</sup> Later in the afternoon he had seen General Huang, when the latter, presumably as the result of the telephone message which had been sent to Mr Quo Tai-chi at the meeting of Colleagues on the previous day,<sup>4</sup> had given Colonel Badham-Thornhill to believe that he accepted the interpretative formula. At 6 o'clock in the evening a meeting of the Subcommittee had been held,<sup>5</sup> attended by both the Chinese and the Japanese delegates. General Huang had at once made difficulties about the words 'around Shanghai', and it was only after considerable difficulty that Colonel Badham-Thornhill and the other neutral representatives obtained the acceptance of a revised formula by both sides. The only differences between the new and the old formula were the substitution of the words 'in the vicinity and neighbourhood of Shanghai' for the words 'around Shanghai', and the transposition of the words 'friendly' and 'participating' in the phrase 'participating friendly powers'. A number of minor points had also cropped up but had been satisfactorily dealt with, and it appeared that all outstanding matters were cleared up. Subsequently Mr Okazaki telephoned to Mr Blackburn and said that he was prepared to attend a full Conference on the following day, and accordingly Mr Blackburn sent out invitations to a Conference to be held at 10 o'clock this morning. At 12.30 a.m. Mr Okazaki had again telephoned to him, Mr Blackburn, to say that owing to an unfortunate delay, probably on the part of the telegraph office, his telegram to Tokyo asking for approval of Colonel Badham-Thornhill's formula had been held up and a reply could not now be received until the

<sup>1</sup> A copy of this record was received in the Foreign Office on June 14 under Shanghai formal covering despatch No. 125 T.S. of May 5.

<sup>2</sup> Mr. A. D. Blackburn, Acting Chinese Secretary in H.M. Legation at Peking, had taken over the duties of Secretary previously carried out by Mr. Teichman (cf. No. 281, note 7).

<sup>3</sup> See No. 308.

<sup>4</sup> See *ibid.*, note 2.

<sup>5</sup> See No. 314.

following afternoon at the earliest. He therefore requested that the formal Conference should be postponed either until the evening of the 3rd or the following morning. He wished Sir M. Lampson to be assured that he had done everything in his power to assist matters along and said that he would be ready, if the reply from Tokyo was satisfactory, to have a formal Conference and sign on Wednesday<sup>6</sup> morning.

With regard to the Chinese text, this had been gone through during the evening in conjunction with a Secretary from Mr Quo Tai-chi's office, and an approved text had been telegraphed to Tokyo.

Mr Blackburn had this morning cancelled the formal meeting of the Conference which had been summoned for 10 a.m.

This morning a telephone message had been received from General Huang to say that Mr Quo Tai-chi had been injured by a number of students who had invaded his house and struck him with a dish.<sup>7</sup> Mr Blackburn had telephoned to Mr Samuel Chang to find out if this was correct, and had just been informed that it was so, and that Mr Quo would probably be confined to his bed for two days.

Sir M. Lampson suggested that the Colleagues, who were about to pay a visit to the Polish Legation, should go afterwards and call on Mr Quo Tai-chi to express their regrets for the attack which had been made on him and at the same time ascertain what prospects there were with regard to the signature of the Agreement in the event that the reply from Tokyo was satisfactory.

M. W. L.

3/5/32.

A. D. B.

3/5/1932.

<sup>6</sup> May 4.

<sup>7</sup> Cf. No. 316.

## No. 320

*Sir J. Simon<sup>1</sup> to Sir M. Lampson (Shanghai)*

*No. 74 Tour. Telegraphic [F 3924/1/10]*

*Immediate*

FOREIGN OFFICE, May 4, 1932, 4.15 p.m.

Your telegram No. 340<sup>2</sup> (of May 3rd, Powers of Joint Commission)

The Reuter message is as you surmise a serious distortion of the sense of Mr. Eden's answer. In the course of a general statement on the proceedings at Geneva which I am making, in reply to a question in the House this afternoon, I am mentioning the following passage from M. Hymans' speech at the meeting of the special Assembly on April 30th:<sup>3</sup>— 'The decision to be

<sup>1</sup> Sir J. Simon had returned to London from Geneva on May 3.

<sup>2</sup> No. 315.

<sup>3</sup> Cf. No. 293, note 2. For Sir J. Simon's statement, see 265 *H.C. Deb.* 5 s., cols. 1111–12.

taken by the Commission will, we hope, be a unanimous decision. It is provided, however, that the decision may be by a majority, the President having if necessary the casting vote.'

Reuter's have been asked to telegraph again reporting my statement.<sup>4</sup>

<sup>4</sup> Sir J. Pratt had minuted on May 4: 'I showed a copy of Sir M. Lampson's telegram No. 340 to Mr. Leeper of the News Department and explained to him fully how Mr. Nagaoka had wrongly informed Monsieur Hymans and Sir Eric Drummond that the Japanese Government would accept an agreement giving the Joint Commission power to decide by a majority vote the date for the Japanese withdrawal [cf. No. 236, paragraph 2] and that this was the genesis of Mr. Maclean's question [see No. 315, note 2]. The answer returned on Monday [May 2] by Mr. Eden was strictly accurate. . . .'

### No. 321

*Sir F. Lindley (Tokyo) to Sir M. Lampson (Shanghai)*

*No. 117 Telegraphic [F 3943/1/10]*

*Immediate*

TOKYO, May 4, 1932, 5.45 p.m.<sup>1</sup>

Your telegram No. 281.<sup>2</sup>

I rang up the Minister for Foreign Affairs this morning and saw him this afternoon. In the interval he had conferred with Minister of War and Minister of Marine who are agreed to withdrawal of demand. But please see my immediately following telegram.<sup>3</sup>

Repeated to Foreign Office.

<sup>1</sup> Time of repetition as No. 224 to the Foreign Office (received at 11.15 a.m. on May 4).

<sup>2</sup> No. 317.

<sup>3</sup> No. 322.

### No. 322

*Sir F. Lindley (Tokyo) to Sir M. Lampson (Shanghai)*

*No. 118 Telegraphic [F 3944/1/10]*

*Immediate*

TOKYO, May 4, 1932, 6.30 p.m.<sup>1</sup>

My immediately preceding telegram.<sup>2</sup>

Minister for Foreign Affairs said that Military delegates had been instructed to address communication to four friendly delegates to the effect that they attached importance to declarations made by Chinese general and by Military Attaché at meetings of sub-committee regarding positions of Chinese troops and their intended movements.<sup>3</sup>

Communication was to (? safeguard) later written communication not intended for publication.

<sup>1</sup> Time of repetition as No. 225 to the Foreign Office (received at 12.35 p.m. on May 4).

<sup>2</sup> No. 321.

<sup>3</sup> Cf. No. 314, note 4.

I said that it would have been obviously far better to propose nothing new and I could not say how you would receive proposal. Minister for Foreign Affairs agreed.<sup>4</sup>

Repeated to Foreign Office.

<sup>4</sup> Sir F. Lindley reported in his telegram No. 226 to the Foreign Office of 6.45 p.m. (received 12.35 p.m.) on May 4 that his American colleague had been informed of the contents of No. 317 and had been given 'discretion to act on it by Washington' (cf. *F.R.U.S.* 1932, vol. iii, pp. 751-2), but, he continued: 'We agreed that more harm than good would be done by his acting since Minister for Foreign Affairs was doing all he could and if General Staff suspected pressure by joint action they would become impossible to deal with at all.'

### No. 323

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received May 6, 9.30 a.m.)*  
*No. 343 Tour. Telegraphic: by wireless [F 3996/1/10]*

SHANGHAI, May [4] 1932<sup>1</sup>

Number of irritating minor difficulties have arisen in connexion with signing of agreement.

2. I referred in my telegram No. 340<sup>2</sup> to unfortunate effect which had been produced by Captain Eden's statement in House of Commons. I sent a reassuring message to Kuo through his secretary and have not so far heard any more of the matter.

3. Chinese side yesterday raised again question of title for agreement and suggested it be called 'agreement for cessation of hostilities and withdrawal of Japanese forces'. It is particularly the latter phrase which they are anxious to emphasize and there is no doubt such a title would give them much face but Japanese will not have anything to do with it. Kuo was uncomfortably persistent but United States Minister who visited him this afternoon at the request of myself and my French and Italian colleagues persuaded him to withdraw his demand.

4. Another critical situation threatened to arise through Japanese demand that they should be supplied with an official Chinese version of Chinese voluntary declaration regarding special constabulary—see my telegram No. 216.<sup>3</sup> Chinese maintained that Japanese had no right to demand this. In this attitude we supported them and this ghost too has I think been laid.

5. Only serious danger which now threatens signature of agreement is proposed Japanese declaration—see my telegram No. 341.<sup>4</sup>

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> The filed copy of the telegram bore no date of despatch, but it was evidently drafted on May 4.

<sup>2</sup> No. 315.

<sup>3</sup> No. 123.

<sup>4</sup> No. 317.

No. 324

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received May 5, 9.30 a.m.)*  
*No. 345 Tour. Telegraphic [F 3970/1/10]*

*Immediate*

SHANGHAI, May 5, 1932, 12.55 p.m.

Agreement was signed at 12 noon May 5th.<sup>1</sup>

Text<sup>2</sup> will be released to the Press by both sides this afternoon.<sup>3</sup>

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> The Record of the meeting held at H.M. Consulate-General, Shanghai, on May 5 (not printed; received in the Foreign Office on June 14 as enclosure in Shanghai despatch No. 129 T.S. of May 5) shows that Mr. Quo Tai-chi, Mr. Shigemitsu, and General Uyeda each signed the agreement in hospital.

<sup>2</sup> For the text of the agreement see Cmd. 4077 of 1932, pp. 4-6.

<sup>3</sup> The Chinese Government also published that day the text of the Chinese declaration as amended on April 28, see No. 281, paragraph 11.

No. 325

*Sir J. Simon to Mr. Bland<sup>1</sup> (Brussels)*  
*No. 12 Telegraphic [F 3970/1/10]*

FOREIGN OFFICE, May 5, 1932, 3.20 p.m.

Please convey following message from Secretary of State to M. Hymans.

'Accept my warm congratulations on the signature of the Shanghai Agreement.<sup>2</sup> This result is largely due to your skill and patience as President of the Committee of Nineteen and I am sure you must feel gratified.'<sup>3</sup>

<sup>1</sup> Counsellor in H.M. Embassy at Brussels.

<sup>2</sup> See No. 324.

<sup>3</sup> Lord Granville, H.M. Ambassador at Brussels, reported the following day that M. Hymans had expressed his warmest thanks for the message and for the help given by Sir J. Simon and Sir M. Lampson.

No. 326

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received May 5, 9 p.m.)*  
*No. 344 Tour. Telegraphic: by wireless [F 3990/1/10]*

SHANGHAI, May 5, 1932

My telegram No. 343,<sup>1</sup> last paragraph.

Okaz[a]ki has just, midnight,<sup>2</sup> communicated text of following letter which Japanese delegation propose to send to the four neutral heads of Legations:

'I beg to state that I attach importance to statement made by Chinese delegate at military sub-committee meeting of second instant<sup>3</sup> and to statement made by Attachés of the four Powers that no uneasiness will be caused to Japanese side in regard to Pootung area.'

<sup>1</sup> No. 323.

<sup>2</sup> On the night of May 4-5. Cf. No. 322.

<sup>3</sup> See No. 314, note 4.



2. I have informed him that this will be quite in order and that I have no doubt my three colleagues will regard it as equally so.

3. There thus at long last seems no further obstacle to signature at 10 tomorrow Thursday morning.<sup>4</sup>

4. Okaz[a]ki tells me confidentially immediately upon signature of agreement large number of Japanese troops will be withdrawn from Shanghai area.

Repeated to Peking, Mission and Tokyo.

<sup>4</sup> May 5.

## No. 327

*Note from the Japanese Chargé d'Affaires in London to Sir J. Simon<sup>1</sup>*

*No. 63 [F 4022/1/10]*

JAPANESE EMBASSY, LONDON, May 5, 1932

Sir,

Under instructions received from Mr. Kenkichi Yoshizawa, Minister for Foreign Affairs, I have the honour to state that the Japanese Government are fully conscious of the fact that the conclusion of the Sino-Japanese Agreement for the cessation of hostilities at Shanghai is attributable in no small measure to the untiring efforts, throughout the negotiations, of His Excellency the British Minister to China.<sup>2</sup> They accordingly desire to express to His Britannic Majesty's Government their whole-hearted gratitude for

<sup>1</sup> A note by Sir V. Wellesley on the filed copy read: 'Left with me by Japanese Chargé d'Affaires who repeated contents of the note verbally. V. W. 5/4[sic]/32.'

<sup>2</sup> In Tokyo despatch No. 252 of May 11 to Sir J. Simon (received June 9) Sir F. Lindley summarized his own share in the Shanghai negotiations and wrote:

'I have the honour to report further that, on almost every occasion on which I saw Mr. Yoshizawa, he expressed his gratitude for the help which had been rendered by Sir Miles Lampson at Shanghai; and the Japanese Press have not been backward in their expressions of appreciation of Sir Miles's efforts. It is, indeed, illuminating to observe that, though there is no doubt that both parties were anxious to sign an armistice, it is extremely doubtful whether they would ever have succeeded in doing so had it not been for the patience and ingenuity displayed by His Majesty's Minister. In this connection, the advent to office of Mr. Yoshizawa has been a great advantage, since his residence in Peking has resulted in his entertaining a very real regard for and great confidence in his British colleague. The effect of this was seen as soon as he came into Office when the previous ridiculous campaign of abuse against Sir Miles Lampson for being anti-Japanese was immediately dropped and has since turned into what can only be described as a generous recognition of his services to the cause of peace.'

A further 'spontaneous and thoroughly well deserved tribute', transmitted to Sir M. Lampson under cover of a letter of May 13 from Sir V. Wellesley, was a letter from the Admiralty expressing the admiration of the Commander-in-Chief (Admiral Sir H. Kelly) of 'your skill in bringing about a successful conclusion of the recent negotiations at Shanghai—for, in common with the Secretary of State and everyone else who has followed the course of these negotiations, the Admiral considers that by far the greatest part of the credit for this fortunate event is due to you personally'. See also No. 375 below.

Sir Miles Lampson's contribution to the restoration of peace in that part of Asia. The endeavours made in this connection by the other British civil and military authorities concerned are also deeply appreciated.

I have, &c.,

RENZO SAWADA

## CHAPTER IV

# Shanghai International Settlement questions and proposed Round Table Conference: conditions in Manchuria: taking-over of the Chinese Maritime Customs by the Manchukuo authorities

May 5–July 13, 1932

No. 328

*Mr. Holman (Peking) to Sir J. Simon (Received May 5)<sup>1</sup>*

*No. 237 Telegraphic: by wireless [F 4015/1/10]*

PEKING, May 5, 1932

Following received from Harbin No. 54, May 2nd, begins:

Addressed to His Majesty's Minister, Shanghai, repeated to Peking No. 54, also by post to Mukden and Dairen.

My telegram No. 49,<sup>2</sup> paragraph 5.

On April 28th the Japanese controlled Russian<sup>3</sup> newspaper 'Harbin Times' published startling revelation, based on report made by local criminal investigation department after examination of recently arrested Soviet citizens, of a deep laid plot hatched in school of dynamiters at Habarovsk to blow up the railway bridges, trains and buildings in North Manchuria. Article openly accuses Soviet Consulate-General here of complicity.

Report is based on alleged confessions of conspirators but it is difficult to gauge the value of this evidence unless conditions under which it was obtained are known such as torture and bribery. British subject here who has made a study of Bolshevik activities confirms the allegations made in the report.<sup>4</sup>

<sup>1</sup> The time of receipt is not recorded.

<sup>2</sup> This telegram of April 22 to Peking does not appear to have been repeated to the Foreign Office; cf. No. 413 below, paragraph 11.

<sup>3</sup> This reads: 'Japanese-owned local newspaper' in No. 413, paragraph 11 (cf. note 2 above).

<sup>4</sup> In his telegram No. 68 of May 6 to the Foreign Office, Mr. Strang, Counsellor in H.M. Embassy at Moscow, reported the publication of the text of a strong protest made on April 28 by the Soviet Consul-General at Harbin against the arrest and torture of innocent Soviet citizens.

No. 329

*Mr. Holman (Peking) to Sir J. Simon (Received May 6, 9.30 a.m.)*

*No. 239 Telegraphic: by wireless [F 3997/1/10]*

PEKING, May 5, 1932

Following received from Harbin No. 55, May 4th, begins:—

Addressed to His Majesty's Minister, Shanghai, repeated to Peking No. 55, also by post to Mukden and Dairen.

My telegram No. 53.<sup>1</sup>

General Ma's troops have damaged bridge over Hulan river north of Harbin. On Sungari river Japanese clashed with Chinese troops at Mulan May 1st. On eastern line Japanese have taken Hailin but on May 1st were strongly attacked at Wukimiho and lost some 40 men in killed and wounded. Old Kirin troops took Pinhsien May 2nd and are attacking Asiho.

On southern line Chang Hai-peng's troops have arrived at Changchiawan to help Japanese to oust hostile troops gathered at Changchunling near Sungari river west of Harbin.<sup>2</sup>

<sup>1</sup> This telegram to Peking does not appear to have been repeated to the Foreign Office.

<sup>2</sup> Harbin telegram No. 57 of May 9, transmitted to the Foreign Office by Sir M. Lampson in Peking telegram No. 254 of May 11, reported further military operations, including an engagement between Japanese and Chinese troops on May 7 near Fancheng.

No. 330

*Sir R. Lindsay (Washington) to Sir J. Simon (Received May 19)*

*No. 766 [A 3001/1992/45]*

WASHINGTON, May 5, 1932

Sir,

I have the honour to refer to my despatch No. 206<sup>1</sup> of February 5th last, regarding the attitude of the United States Government in refusing to recognise any situation, treaty or agreement which may be brought about by means contrary to the covenants and obligations of the Kellogg Pact, and to transmit to you herewith copies of a speech delivered by Mr. Castle,<sup>2</sup> at present Acting Secretary of State, before the American Conference on International Justice on May 4th, in which he reviewed the policy of the United States Government concerning methods for the prevention of war.

2. Mr. Castle first refers to the Covenant of the League and remarks that it is not in accord with American tradition to support plans to prevent war by war. He then considers the proposals which have been made for compelling observance of the Kellogg Pact by means of an economic boycott, and declares that the Administration is opposed to all proposals of this nature on the grounds that an economic boycott is an act which would

<sup>1</sup> Not printed.

<sup>2</sup> The enclosed extract from the *New York Times* of May 5, 1932, is not here printed.

almost certainly lead to war.<sup>3</sup> He then states what he describes as 'the new American doctrine' of non-recognition. He claims that by acceptance of this doctrine 'the spoils of war would become dead sea fruit'; and further that, while the doctrine does not freeze the present injustices of the world so that they cannot be rectified, it makes it clear that those injustices shall not be rectified by further injustices. The doctrine, he claims, is a powerful sanction of itself without the use of force. It 'puts teeth into the pact' but involves no war to prevent war; no danger of war arising out of boycotts. It keeps the United States clear of entanglements, while at the same time denoting its willingness to co-operate with others in making the world a safe place in which to live. Mr. Castle also claims that through the adoption by the League of Nations of their resolution of March 11th, the principle of the doctrine is accepted by most nations of the world.

3. It will be observed that in this statement of American policy, made while Mr. Stimson is on the high seas,<sup>4</sup> the doctrine of non-recognition which has come to be popularly known as the 'Stimson doctrine' is specifically called the 'Hoover doctrine' by Mr. Castle and that the latter lays considerably greater emphasis on its negative aspects than on any of its other possible implications. According to the 'Morning Post' correspondent here Dr. Hornbeck's<sup>5</sup> principal preoccupation at the moment is to reinterpret the Castle interpretation of the doctrine in a more Stimsonian sense. He understands in fact that there is a considerable divergence of view on Far Eastern policy between Mr. Stimson and Dr. Hornbeck on the one hand and Mr. Castle on the other and that it is the latter's view which more closely approximates to the President's. The 'New York Times' states that Mr. Castle's address does not reflect, at least directly, any views which Mr. Stimson may have formed as a result of his conversations in Europe on the Far Eastern crisis, but that it was prepared some time before Mr. Stimson had reported thereon.<sup>6</sup>

I have, &c.,  
R. C. LINDSAY

<sup>3</sup> Cf. No. 228, note 14.

<sup>4</sup> Mr. Stimson had left Geneva for New York on May 1.

<sup>5</sup> Dr. Hornbeck was Chief of the Far Eastern Division of the State Department.

<sup>6</sup> This despatch was minuted as follows by Sir R. Vansittart and Sir J. Simon: 'If I judged only by this I should be compelled to think that Mr. Castle had never read the Covenant. It is strange to find such copious inaccuracy in an address to a body with such a high-flown style. It is all rather typical: and the contested paternity of the new fanged or fangled formula is entertaining. Mr. Castle of course is very much Mr. Hoover's man, and not so very much Mr. Stimson's. R. V. May 24.'

'I should like to "register" Mr. Castle's proposition that "an official boycott is an act which would almost surely lead to war" as a counter to the innuendo (which Mr. Hugh Gibson [Acting Chairman, U.S. delegation to the Disarmament Conference] is fond of circulating at Geneva) that the U.S.A. would have taken more vigorous action against Japan if it had not been for our own unwillingness. J. S. May 28.'

### No. 331

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received May 7, 9 a.m.)*

*No. 347 Tour. Telegraphic: by wireless [F 4028/1/10]*

SHANGHAI, May 6, 1932

Military Attaché reports as follows:—

As immediate result of today's peace agreement Japanese headquarters here propose withdrawing four (? battalion)s from the front positions within the next three days. Chinese special police to take over evacuated areas are due to arrive from Nanking tomorrow.<sup>1</sup>

Intention is to re-embark the whole 14th Division as soon as convenient for Dairen. Total number of Japanese troops now in Shanghai area, exclusive of 2,000 naval landing party still on shore, equals 28,000.<sup>2</sup>

Repeated to Peking, Mission and Tokyo.

<sup>1</sup> Mr. Brennan's telegrams from Shanghai, Nos. 52 of May 9 and 53 of May 10, repeated the Military Attaché's reports to Peking giving details of Japanese withdrawal of troops and the movement of the Chinese special police. Cf. *F.R.U.S. 1932*, vol. iv, pp. 6-7 and 10.

<sup>2</sup> Sir F. Lindley's telegram No. 228 of May 6 to the Foreign Office said that the Japanese General Staff had given the strengths on May 1 as: Manchuria 22,000; Shanghai 23,000; Peking and Tientsin 2,500.

In an unnumbered Chancery letter of June 6 to the Foreign Office (received July 12), H.M. Embassy in Tokyo remarked that the official figure of troops in Manchuria as reported in telegram No. 228 must 'surely be an underestimate . . . our Military Attaché believes that the total is nearer 40,000, but we have no means of doing more than make an approximate guess'.

### No. 332

*Sir M. Lampson (Shanghai) to Sir J. Simon (Received May 9, 9 a.m.)*

*No. 352 Tour. Telegraphic: by wireless [F 4046/1/10]*

SHANGHAI, May 6, 1932

My telegrams Nos. 112 and 116 to Geneva.<sup>1</sup>

At final Conference yesterday, May 5th, Japanese delegate and four neutral observers nominated their representatives on the Joint Commission. Chinese delegate said that he was still awaiting instructions regarding his representatives but he has now communicated the names.

<sup>1</sup> Of May 1, not printed. These telegrams dealt with the chairmanship of the Joint Commission. In telegram No. 112 Sir M. Lampson said: 'Awkward questions may arise as to who should be Chairman. Though American is Senior Consul we have far greater interests. On the other hand Count Ciano though very junior holds position of Italian Chargé d'Affaires.' He asked whether it would 'be possible to say a tactful word to Italian Minister for Foreign Affairs at Geneva and get him to instruct Count Ciano to let it be known that neither he nor his Government wish him to be elected Chairman of Joint Commission in view of far greater substantial interests in Shanghai of ourselves and Americans'. In his telegram No. 116 Sir M. Lampson noted that no action would be needed as Count Ciano intended to appoint his Consul and Military Attaché as Italian representatives on the Joint Commission.

(2) Personnel of the Commission as follows:— British, Consul-General and Military Attaché. Chinese, Chief Secretary, Mayor of Shanghai and Lieutenant-General Wang. American, Consul-General and Military Attaché. French, Consul-General and Military Attaché. Italian, Chinese Secretary and Military Attaché. Japanese, Consul-General and Acting Military Attaché.

(3) *Confidential*. It had been my original intention to ensure that His Majesty's Consul-General should be elected chairman of the Commission but on second thoughts it seemed better not, and that United States Consul-General should be chosen (1) because he is Senior Consul, (2) because some odium may quite well fall upon Commission or its work (3) because we have figured so prominently as taking the lead during the proceedings that tactically Americans should be given a turn—more especially in view of (2) above. Accordingly when my three colleagues and their members of the Commission met here at my request this morning I arranged with United States Minister (who was somewhat unwilling at first) that United States Consul-General should be elected and this will be done at the first meeting of the Commission which it is hoped will be held tomorrow morning.<sup>2</sup>

Repeated to Peking and Mission.

<sup>2</sup> In his telegram No. 51 of May 7 to the Foreign Office Mr. Brennan noted that the first meeting was held on that day and that Mr. Cunningham, the U.S. Consul-General, was unanimously elected chairman. Cf. *F.R.U.S.* 1932, vol. iv, p. 3.

### No. 333

*Mr. Holman (Peking) to Sir J. Simon (Received May 11, 9.30 a.m.)*

*No. 244 Telegraphic: by wireless [F 4119/3650/10]*

PEKING, May 8, 1932

My telegram No. 225.<sup>1</sup>

Following received from Canton, No. 35, 5th May:—

'My telegram No. 28 to Peking.

'Japanese consul-general informs me Japanese Government are now willing to adopt his view that case should be regarded as materially settled. He seemed very glad at their attitude, and I do not think anything more will be heard of the matter.

'(Addressed to His Majesty's Minister, Shanghai. Repeated to Peking, No. 35, Mission, Hong Kong.)'

<sup>1</sup> This telegram of April 28 (not printed) repeated to the Foreign Office Canton telegram No. 28 of April 27 to Peking which related to a Chinese newspaper attack on April 16 on the late Japanese Emperor and reported that: 'Contrary to expectation, case is not finally settled owing to Japanese Government having instructed consul-general to secure publication in another paper of an apology article, and so far mayor has not accepted this condition.' The offending newspaper had voluntarily suspended publication and the mayor had apologized, both personally and in writing.

No. 334

*Sir M. Lampson (Peking) to Sir J. Simon (Received May 12, 9 a.m.)*

*No. 252 Telegraphic: by wireless [F 4160/65/10]*

PEKING, May 11, 1932

On my way through Nanking on May 7th Minister for Foreign Affairs<sup>1</sup> and Vice Minister (Hsu Mo) called officially to express Chinese Government's thanks for our good offices during Shanghai negotiations.

I took an opportunity to repeat the friendly warning against anything savouring of official encouragement or inspiration of anti-Japanese boycott or agitation. If movement was spontaneous anything of the sort was merely foolish and gave Japan a handle for charge of unfriendly action against Chinese Government.

Minister for Foreign Affairs remembered my raising this before: they fully appreciated unwisdom of anything of the sort and had decided to do their best to prevent it. But it was not easy to control patriotic fervour.

Reverting to local Shanghai problems he again emphasized that he was *most* anxious to see these disposed of amicably by informal discussion locally with ourselves. I told him that on May 6th the Mayor of Shanghai, in calling to say good-bye, had said the same. I could assure him that His Majesty's Consul-General, with whom these things now lay, was just as anxious as I to seize every proper opportunity to liquidate outstanding difficulties but I must add that owing to earlier disappointments over recent years there was some cynicism as to whether Chinese professions were more than talk: let the Chinese show they were serious and we would do likewise.

It seems to me significant that this matter should be thus brought up each time I have seen Minister for Foreign Affairs of late: and I believe there is genuine wish to see Shanghai local problems settled with us. But whether Chinese ideas tally with those of local British community as regards acceptable solution is more than doubtful.

Repeated to Mission and Shanghai.

<sup>1</sup> Dr. Lo Wen-kan.

No. 335

*Minute by Mr. MacKillop<sup>1</sup>*

*[F 4087/37/10]*

FOREIGN OFFICE, May 11, 1932

*Embargo on sale of Government-owned stocks of arms etc. for re-sale  
to China or Japan*

The minutes on the attached paper<sup>2</sup> show a general consensus of opinion that the embargo<sup>3</sup> should now be raised in view of the definite cessation of hostilities in the vicinity of Shanghai. I entirely agree.

<sup>1</sup> A member of the Far Eastern Department of the Foreign Office.

<sup>2</sup> Not printed.

<sup>3</sup> On the export of arms to China and Japan; see Volume IX, No. 427, note 1.



The Service Depts. & the Board of Trade are anxious that the embargo sh[oul]d be raised as soon as possible, and the decision rests entirely with us. I suggest that we sh[oul]d decide to raise it & inform the Depts. concerned, and also telephone in advance to the Director of Army Contracts with ref[erence] to the Soley Armament Co.'s letter.<sup>4</sup>

D. MACKILLOP<sup>5</sup>

<sup>4</sup> Not printed. This letter of May 9, 1932, to Sir J. Simon enquired whether the embargo still stood in view of the signing of the Chinese-Japanese agreement of May 5. The Soley Armament Company were anxious to fulfil orders given by the Chinese Government before the imposition of the embargo on February 23, as they feared that they would otherwise lose business worth £70,000 to foreign competitors. The most pressing order was for 100,000 steel helmets.

<sup>5</sup> Sir J. Simon approved Mr. MacKillop's suggestions but added: 'I am not impressed with the reasoning on which the decision is based. China wants steel helmets for Manchuria, does she not, not for Shanghai? But at any rate our reason is better than the reasoning that steel helmets are defensive weapons! J. S. May 11.'

No. 336

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 7)*

*No. 259 [F 4679/40/23]*

TOKYO, May 12, 1932

Sir,

Since I had the honour to address to you my despatch No. 80<sup>1</sup> of the 11th February last, I have at frequent intervals enquired of those who should be in a position to know as to the progress of the Fascist movement in this country, and I have been assured that it is on the wane and that there is, in any case, no immediate prospect of anything in the nature of an attempt to get rid of parliamentary government by a concerted movement. While I have no reason to doubt that this information is correct, I ought perhaps to report that the question of Fascism continues to occupy a considerable space in the press and is regarded as of sufficient importance to merit the attention of the leaders of both the two great political parties. Thus during the last week both Baron Wakatsuki, late Prime Minister and head of the Minseito, and Mr. Inukai, the present Prime Minister and leader of the Seiyukai, have thought it worth while to point out the dangers of Fascism and of Fascist ideas for the orderly and free development of Japan. While doing this they have not refrained from laying stress on the shortcomings of the existing political parties and parliamentary regime as practised in this country, and in urging all those with constitutional ideas to do their best to remedy the deficiencies of the present system.

2. While most of the vernacular press have taken up the line that there was no place for Fascism in Japan, a remarkable leading article appeared in the 'Japan Times' of last night pointing out the merits of the system.

<sup>1</sup> Volume IX, No. 428.

This newspaper, as I have already had the honour to report, frequently reflects the views of the General Staff. It has, therefore, greater importance than its very limited circulation amongst Japanese readers would otherwise warrant. I have the honour to enclose a copy of the article in question.<sup>2</sup>

I have, &c.,  
F. O. LINDLEY

<sup>2</sup> Not printed.

No. 337

*Sir M. Lampson (Peking) to Sir J. Simon (Received June 18)*

*No. 537 [F 4908/2362/10]*

PEKING, May 12, 1932

His Majesty's Minister, Peking, presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and transmits herewith three copies of the undermentioned paper.

<i>Name and Date</i>	<i>Subject</i>
From H.M. Consul, Newchwang, despatch No. 36 of 4/4/32.	Trade in Manchuria.

ENCLOSURE IN NO. 337

*Mr. Bristow (Newchwang) to Sir M. Lampson*

*No. 36*

NEWCHWANG, May 4, 1932

Sir,

With reference to my despatch No. 30 of 19th April, 1932,<sup>1</sup> I have the honour to report further circumstances throwing light on the probable future of the policy of the open door and equal opportunity in Manchuria.

2. Merchants have so far for one reason or another been unable to bring down any large quantity of local products from the interior over the Peking-Mukden (or Peining) Railway, although the South Manchuria Railway has almost more freight than it can cope with, and a little wholesome competition would be decidedly beneficial to trade. Competition with the South Manchuria Railway is not, however, allowed under the new régime.

<sup>1</sup> Not printed. In this despatch (copy received in the Foreign Office on May 12 under Peking formal covering despatch No. 475 of April 25) Mr. Bristow reported that as soon as the Japanese troops arrived at the beginning of the year a 'Japanese adviser' was installed at the Electric Light Works 'a private company with numerous shareholders' in a certain Manchurian town 'not to improve the working, but to see that all the materials were bought from Japanese manufacturers'.

3. One of the principal products, which used to be brought here via Koupangtzü for shipment, was Peipiao coal, a serious rival to the Japanese-produced Fushun coal, and an important factor in keeping down prices. Under the present régime no Peipiao coal is permitted to be brought here, and local stocks will soon be exhausted. The price of Fushun coal has already been raised by some ten per cent. in consequence.

4. Japanese troops persist in selecting the Chinese agents of British companies at Suichung (between Chinchow and Shanhaikuan) on which to billet themselves. No representations from this Consulate have so far had the slightest effect. The result of the occupation of the agents' premises has been to put a stop to the business of two leading British companies, the Asiatic Petroleum Company and Imperial Chemical Industries, in that neighbourhood.

5. Wholesale smuggling of Japanese goods into Manchuria via Antung and Dairen to the detriment of British trade was dealt with in my despatch No. 28 of 14th April, 1932.<sup>2</sup>

I have, &c.,  
H. H. BRISTOW

<sup>2</sup> Not printed: this despatch had referred to Dairen despatch No. 42 of April 8 to Tokyo (see No. 222, enclosure 1).

#### No. 338

*Letter from Sir J. Pratt to Mr. Carr<sup>1</sup> (Geneva)*

[F 4171/1/10]

FOREIGN OFFICE, May 12, 1932

Dear Carr,

I am sorry that I have not replied sooner to your letter of May 2nd,<sup>2</sup> enclosing the Committee of Nineteen's *projet de rapport*.<sup>3</sup> It got buried under a mass of papers in my tin, and has only just been dug out.

The *projet* seems quite harmless. The Committee of Nineteen propose to defer saying anything about Manchuria until the Lytton Commission have reported. This is a wise decision, and seems to afford the best chance of avoiding serious difficulties with Japan.

J. T. PRATT

<sup>1</sup> Mr. E. H. Carr, Assistant Adviser on League of Nations Affairs, was a member of the United Kingdom Delegation at Geneva.

<sup>2</sup> Not printed.

<sup>3</sup> Not here printed. This French draft report, dated Geneva, April 29, 1932, corresponded to the text of the report of May 11 printed in *L/N.O.J.*, S.S. No. 102, pp. 34-35.

*Letter from Mr. MacKillop to Mr. Snow (Tokyo)*

[F 1876/270/10]

FOREIGN OFFICE, May 12, 1932

Dear Snow,

In your letter to Orde of the 14th January<sup>1</sup> you asked three questions in connexion with the Sino-Japanese Treaty and Agreement of 1905, and the alleged secret Protocols. The first was answered in Wellesley's letter of 17th December last year,<sup>2</sup> and in reply to the third we sent you with our despatch No. 254 of the 6th April a copy of a memorandum prepared by the Library.<sup>3</sup>

There remains your second question, namely the extent, if any, to which it is considered that the 1905 Agreement and the Protocols were subsequently invalidated by the Washington Treaties of 1922.<sup>4</sup> If we look upon the 1905 Protocols as constituting a formal and binding agreement, China is prevented from constructing lines parallel to the South Manchuria Railway, and it follows that foreign companies, for example British, would similarly not be allowed by China to construct such lines. In *effect* a monopoly would be given to Japan.

It is true that Article 3 of the Washington Treaty<sup>5</sup> states that the contracting Powers agree that they will not *seek* 'Any . . .<sup>6</sup> monopoly . . .<sup>6</sup> in any category of public enterprise', but this would not seem to preclude Japan from the enjoyment of such advantages as she may have been able to obtain by agreements *previous* to the Washington Treaty: she would only seem to be debarred from seeking to obtain such a monopoly in the future.

Generally speaking the intention of the Nine-Power Treaty seems to have been to affect the future only, leaving the existing position intact. It is, for instance, clear that if the stipulation as to not violating Chinese territorial integrity had been intended to relate to the past, it would have been necessary for the Japanese to leave the railway area forthwith. It seems, therefore, that only future violations were contemplated.

We see nothing that would lead us to suppose that there was any intention to rescind or affect any existing monopoly and arrangement. The same conclusion seems also to follow from Resolution No. 22,<sup>7</sup> which provided that the parties should file all treaties which they regarded as being still in force, and on which they intended to rely. This seems to show that the Washington agreements were not, except where otherwise expressly stated, intended *per se* to affect past agreements.

<sup>1</sup> Volume IX, No. 82.<sup>2</sup> See *ibid.*, No. 8.<sup>3</sup> This memorandum of March 8, 1932, is not printed. The covering despatch is not preserved in the Foreign Office archives.<sup>4</sup> For the treaties and resolutions agreed at the Washington Conference, see Cmd. 1627 of 1922.<sup>5</sup> i.e. of the Nine-Power Treaty (No. 11 in Cmd. 1627).<sup>6</sup> Punctuation as in original quotation.<sup>7</sup> i.e. document No. 22 in Cmd. 1627.

Resolution No. 22 is, however, very material in another sense. From the fact that the parties undertook to file with the Secretariat of the Conference any treaties etc. which they regarded as being still in force, and on which they desired to rely, it would appear to be a legitimate deduction that in so far as any party omitted to file any such treaties, that party must be taken as not regarding that treaty as still in force, and as not desiring to rely on it. Such a deduction would undoubtedly seem legitimate if, for instance, Japan had filed the great majority of her treaties with China, but had not filed certain other ones. In regard to the latter it could with justice be said to Japan 'If you regarded these also as being still in force, and desired to rely upon them, why did you not file them along with the others?' However, in the present case this argument is rather negatived by the fact that Japan has failed to file *any* of her treaties with China, although we know of several in regard to which Japan has quite recently stated in unmistakable terms that she does most definitely rely on them. Consequently, while Japan's failure to file the treaties may constitute a breach of Resolution 22, this does not seem to afford any ground upon which it could be argued that Japan regards the 1905 Protocols as having lost their force.

Yours ever,

DOUGLAS MACKILLOP

P.S. Orde is away on short leave.

#### No. 340

*Sir M. Lampson (Peking) to Sir J. Simon (Received May 13, 9 p.m.)*

*No. 259 Telegraphic: by wireless [F 4181/1/10]*

PEKING, May 13, 1932

Following received from Canton No. 37 May 13th begins:

Addressed to Peking, repeated to Mission and Hongkong No. 37.

Members of central executive committee of Kuomintang at Canton including Chen Chi-teng, Tong Shao-yi, Li Tsung-jen, Pei Chung-hsi and others have issued circular telegram opposing Shanghai agreement.

#### No. 341

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 10)*

*No. 261 [F 4759/1/10]*

TOKYO, May 13, 1932

Sir,

After writing my despatch No. 252<sup>1</sup> of the 11th instant, Colonel Simson, Military Attaché to this Embassy, learnt from the War Office, as reported in my telegram No. 229<sup>2</sup> of the 11th instant, that the Japanese Government

<sup>1</sup> Not printed: see No. 327, note 2.

<sup>2</sup> Not printed.

intended to withdraw all their troops from the Shanghai area at once and expected that the withdrawal would be complete by about the end of this month.<sup>3</sup> An official announcement to this effect appeared in the newspapers yesterday.

2. The Minister for War, in commenting on the decision, observed that it was taken entirely on the initiative of the General Staff, and not, as was thought in some quarters, on account of the extra expense involved by keeping Japanese troops in Shanghai; since this expense was, as a matter of fact, trifling. The real reasons for the withdrawal were, firstly, that Japanese life and property might now be considered secure and the presence of Japanese troops was therefore no longer necessary; and, secondly, because the troops, if kept in Shanghai, would necessarily be confined more or less to the Settlement where adequate training was exceedingly difficult to obtain and where they were exposed to all the deleterious influences of a large cosmopolitan town. General Araki hoped that the future would show that the withdrawal had not been premature, but, if the Chinese did not act up to their promises, it would be an easy matter to send troops back to Shanghai where, in that event, they would probably stay for a considerable time. The Head of the Foreign Office Press Bureau, in his daily talk with the Press correspondents, added that, if Japanese troops were sent back to Shanghai, they might very well not confine operations to that town but advance as far as Nanking and Loyang.

3. This withdrawal has caused some surprise after the endless objections raised by the military delegates at Shanghai to the proposal to fix a date for evacuation, and it has been pointed out in some quarters that most of the arguments used by the Japanese in the course of negotiations regarding the absolute necessity of being able to keep troops in the area now prove to have lacked any solid foundation. This is no doubt perfectly true as was indeed obvious from the start. The explanation is that the Japanese were determined at Shanghai, as in Manchuria, to avoid the appearance of giving way to any arguments or pressure put forward either by the Chinese or by outsiders. Having gained this point they decided to withdraw their troops as soon as they had achieved the principal objects which they aimed at. These were the suppression of the official boycott, the recovery of their prestige, and the practical demilitarisation of Shanghai pending further developments. Although I have not yet had an opportunity of discussing the matter with the Minister for Foreign Affairs, it seems probable that the Japanese will now cease pressing for a Round-Table conference and will rely on the indefinite prolongation of the Armistice conditions to give to them the advantages they hoped to draw from more permanent arrangements as a

<sup>3</sup> Mr. Brennan in telegram No. 54 of May 12 from Shanghai (received 6.15 p.m. the same day) gave a similar report, and said that orders had been issued to suspend work on buildings under construction and that the withdrawal was intended 'to commence from the 15th onwards'. The following telegram, No. 55 of May 14 (received at 10 a.m. on May 15), said that the preparations for complete withdrawal were proceeding smoothly, and that the 'Chinese responsible for taking over are now showing more confidence'.

result of a conference. This is no doubt the meaning of General Araki's threat that the troops may be sent back to Shanghai at any moment if the situation requires it.

I have, &c.,  
F. O. LINDLEY

No. 342

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 14, 11.30 a.m.)*  
*No. 230 Telegraphic [F 4184/1/10]*

TOKYO, May 14, 1932, 11.40 a.m.

Minister for Foreign Affairs sent for French and Italian Ambassador[s], United States Chargé d'Affaires and myself yesterday morning to discuss round table conference at his house; following is summary of his long explanation.

Japanese Government attached great importance to holding conference in order to ensure permanent peace in and around Shanghai after withdrawal of Japanese troops. This was also in the interests of all the Powers. Proposal for conference was put forward in resolution of Council of League of Nations of February 29th.<sup>1</sup> According to reliable information the Cantonese were likely to attack Chiang Kai-Shek soon after Japanese withdrawal. If civil war broke out there might well be a repetition of recent events. Communism was spreading especially in the provinces adjoining the Yangtse and in Fukien. In all these circumstances Minister for Foreign Affairs desired to expedite the work of assuring the maintenance of peace and order in and around Shanghai in concert with the Powers chiefly concerned.

Minister for Foreign Affairs added that it was useless to attempt to talk over the matter with the Chinese at the start since they were swamped by domestic politics. He would like therefore in the first instance to discuss the subject quietly in Tokyo with the four representatives and if agreement could be reached to transfer the negotiations to Shanghai and invite the Chinese to join. But he was ready to consider any other proposals.

Minister for Foreign Affairs said that the sort of questions which would be discussed were maintenance of peace and order without military resources in area<sup>2</sup> and suppression of anti-Japanese agitation.

In the course of long discussion the following points emerged. Whilst Japanese Government attached the greatest importance to the promises of the Mayor of Shanghai of January 28th being confirmed and fulfilled, they meant to treat it (? *sic*) at the conference regardless of Chinese and hoped other Powers would help them.<sup>3</sup> It would be impossible for us to discuss

<sup>1</sup> See *L/N.O.J.*, March 1932, pp. 918-20; cf. Volume IX, No. 628.

<sup>2</sup> In Sir F. Lindley's despatch No. 263 of May 14 (received June 15) reporting further on this conversation, the corresponding passage read: 'maintenance of peace and order in and around Shanghai, and the prohibition of the erection of military works'.

<sup>3</sup> Sir F. Lindley's despatch No. 263 states at this point that the four ministers had a

details of agreement here and conference would have to be transferred to Shanghai at a certain stage.<sup>4</sup> Minister for Foreign Affairs agreed emphatically that it was out of the question to hold the conference or discussion in Shanghai without the Chinese. He also agreed with our view that misgiving would be disposed of if conversations began after troops had actually withdrawn.<sup>5</sup> We all expressed doubts as to Chinese coming into the conference.

Representatives then had meeting by themselves. They agreed that this was nothing but old plan of Japanese Government military system and that the Japanese object was obvious.<sup>6</sup> At the same time they should represent to their Governments<sup>7</sup> that it was impossible to refuse the invitation to enter into conversations here after justified complaints that Japanese had hitherto acted without consultation with other interested Powers. In accepting the invitation we should make it clear that there was no question either of . . .<sup>8</sup> plan on Chinese or of holding conference at Shanghai without them or before evacuation was complete.

Repeated to Peking.

hasty consultation while Mr. Yoshizawa left the room to fetch another cigar. On his return, he said, in reply to their question, that it was intended to take the matter up with the Chinese at the Conference; 'but he did not mean to say that this would be a *sine qua non*. At the same time the Japanese Government felt it was absolutely necessary to stop the anti-Japanese movement and he hoped very much the other Powers would do what they could to help.'

<sup>4</sup> *Ibid.*, paragraph 9, remarks at this point: 'I gathered the impression that this opinion was something of a disappointment to the Minister.'

<sup>5</sup> *Ibid.*, paragraph 8, remarks: 'My Colleagues supported this view and Mr. Yoshizawa seemed to agree. But on reflection we were not sure that he was not thinking of the full Conference with the Chinese.'

<sup>6</sup> *Ibid.*, paragraph 11, reads: 'We agreed that Mr. Yoshizawa's proposal was nothing but the old plan for a demilitarised Shanghai which we hoped had been dropped until the autumn. It seemed likely, too, that the sudden decision to withdraw altogether from Shanghai had been taken in order to expedite the Round Table Conference, which the Japanese Government probably now realised would not be held as long as Japanese troops were in occupation. It was also pretty plain that Mr. Yoshizawa hoped to get an agreement with the four Powers and then impose it on the Chinese.' Sir F. Lindley also referred to his telegram No. 96 of February 11 (Volume IX, No. 426) on Japanese intentions in Shanghai.

<sup>7</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 13-15.

<sup>8</sup> The text is here uncertain. It was suggested in the Foreign Office that the passage should read: 'of forcing a plan'.

### No. 343

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 14, 9 a.m.)*

*No. 231 Telegraphic [F 4185/1/10]*

TOKYO, May 14, 1932, 1.30 p.m.

My immediately preceding telegram.<sup>1</sup>

I do not consider Minister for Foreign Affairs would object to preliminary

<sup>1</sup> No. 342.



conference being held in London instead of in Tokyo if you consider it preferable as it may well be.

Repeated to Peking.

No. 344

*Sir J. Simon to Sir M. Lampson (Peking)*

*No. 91 Telegraphic [F 4173/451/10]*

FOREIGN OFFICE, *May 14, 1932, 4.10 p.m.*

Manchurian customs and Salt Gabelle.

The question of protesting against the establishment of a separate Customs administration in Manchuria on the ground that it constituted a violation by Japan of Article I (1) of the Nine Power Treaty formed the subject of several discussions with Mr. Stimson at Geneva.<sup>1</sup> I was averse from joining the United States Government in any such action, mainly because (a) Japan appeared to have a plausible and complete answer to the charge, and (b) a protest might have destroyed all chance of the hopeful development reported in your telegram No. 286<sup>2</sup> (see my telegrams to Shanghai Nos. 54 and 55).<sup>3</sup> In their aide-mémoire of April 11th<sup>4</sup> (China Print April 12th, section 1), the United States Government renewed their request to join in some form of representations. In the meantime, however, there had occurred the development in connexion with the Salt Gabelle reported in your telegram No. 251 Tour<sup>5</sup> and subsequent telegrams from His Majesty's Consul at Newchwang, from which it appeared that a Japanese had been appointed head of the Manchurian Salt Gabelle, and that the Salt Inspectorates had been closed, thus fundamentally altering the structure of the administration, and definitely severing it from the Chinese Salt Gabelle. I therefore suggested in my letter to Mr. Stimson of 30th April<sup>6</sup> (copy enclosed in Foreign Office despatch to Peking No. 436, to Washington No. 617)<sup>7</sup> that the disruption of the Salt Gabelle was just such a breach of the administrative integrity of China as was contemplated in Article I of the Nine Power Treaty, and this seemed to offer far better ground for representations than anything that had occurred in the case of the Customs.

The arguments against making such representations in the case of the Customs (see my telegrams Nos. 54 and 55) apply also to the case of the salt, except that (a) Japan's disclaimer of responsibility would, in this case, be far less plausible, and (b) the representations, if they did no good, would at any rate do no harm to the Salt Gabelle. On the other hand, the arguments in favour of making representations are that such action, showing that we are not indifferent to what is happening in Manchuria, might make Japan more cautious in matters where British interests are directly affected. It also

<sup>1</sup> See No. 301, notes 2 and 4.

<sup>2</sup> No. 214.

<sup>3</sup> Nos. 170 and 171.

<sup>4</sup> No. 198; cf. No. 211.

<sup>5</sup> No. 166.

<sup>6</sup> No. 301.

<sup>7</sup> Not preserved in Foreign Office archives.

seems very desirable that we should take the first opportunity of showing that we intend to take our stand with America in defence of the Nine Power Treaty. In view of the fact that action will sooner or later be necessary in defence of the principle of the 'open door', it is an additional advantage that the first protest should be on the ground of the administrative integrity of China.

Please telegraph your views. If, as I anticipate, Mr. Stimson on returning to Washington proposes some form of protest in connexion with the Salt Gabelle, I would propose, subject to any observations which you and Sir F. Lindley may make, immediately to agree, and proceed to draft suitable representations to be made at Tokyo in the form of a joint or identic note.

Repeated to Washington No. 257. Please repeat to Tokyo.

**No. 345**

*Sir M. Lampson (Peking) to Sir J. Simon (Received June 25)*

*No. 551 [F 5079/1/10]*

PEKING, May 14, 1932

Sir,

With reference to Mr. Orde's letter (F 7796/1391/10) to Mr. Ingram of the 21st of January last,<sup>1</sup> enclosing correspondence on the subject of the interference by the anti-Japanese boycott associations in Shanghai with the commercial activities of certain British firms established there, copy of which was forwarded to His Majesty's Consul-General at Shanghai, I have now the honour to enclose herewith a copy of a despatch from Mr. Brennan, commenting on the effects and implications of the ruling, contained in that correspondence, that it is undesirable to further the sale of foreign goods in China by means of diplomatic assistance even where British capital is involved.<sup>2</sup>

<sup>1</sup> Not printed.

<sup>2</sup> Mr. Brennan's despatch, No. 180 of May 2 to Sir M. Lampson, stated in particular: 'The Foreign Office ruling gives rise to serious implications for British merchants trading in China, and I should be grateful for further instructions on the subject if it is intended to depart from the principle hitherto observed in such matters. So far as I understand it, this is that assistance can properly be given to any business which contains a substantial British interest, either on account of the British capital invested in the concern or because in some way it promotes trade between the British Empire and China. On the other hand, that protection should be refused to companies which can only claim a technical British nationality under the Companies Law, but contain no genuine British interest. I refer in particular to the many companies composed entirely of Chinese, which are incorporated under the Hongkong Ordinances.

'In the case of the China Printing and Finishing Company, they obtain Chinese or Japanese cloth which is dyed, printed and finished in their own factory. The machinery used in their works is all imported from Great Britain. They employ some thirty English overseers and get their dyes and chemicals from England. The resulting product is, therefore, partially of British manufacture, and the profits from its sale are remitted to England.

2. The ruling which Mr. Brennan discusses in this despatch would appear to affect, not only British industrial enterprises established in China using raw or semi-manufactured materials of non-British origin, but also British firms importing non-British goods for sale in this country. It will be recollected that support similar to that given to the China Printing & Finishing Company Limited during the recent boycott agitation was also given to other British firms importing goods of non-British origin.

3. I should be glad therefore to receive instructions, in the light of the particulars stated in Mr. Brennan's despatch, as to how far this ruling is to be followed in practice.

I have, &c.,  
MILES W. LAMPSON

If this does not give the company a claim to British protection, it remains for consideration how much of the process of manufacture must be in British hands to entitle the goods to that protection. It will be seen from Mr. Ashton's letter [of April 29, not printed: Mr. J. Ashton was Managing Director of the China Printing and Finishing Company, Shanghai] that his company propose to construct a cotton mill here for the purpose of making their own cloth, but the cloth so produced would be manufactured by Chinese labour from cotton grown in America. The position would still be that the chief British interest in the concern was the capital involved, while the cloth would be in competition with exports from Lancashire. But if that is to entail refusal of British protection, many other long established British factories will be in the same position.'

#### No. 346

*Mr. Brennan (Shanghai) to Sir M. Lampson (Peking)*<sup>1</sup>

*No. 190 [F 5244/65/10]*

SHANGHAI, May 14, 1932

Sir,

With reference to your telegram No. 61<sup>2</sup> of the 11th instant, I have the honour to report on the position at the present time with regard to the negotiations concerning the administration of the 'outside roads' and areas immediately adjacent to the International Settlement.

2. First of all I would refer to my despatch No. 140<sup>3</sup> of the 23rd May, 1931, which dealt with a previous attempt of mine to initiate discussions on this subject arising out of your negotiations with the Nanking Government over extraterritoriality. It will be remembered that after I had brought some of the Councillors and the officials of Greater Shanghai together at a lunch party, it was arranged that representatives of the Council should meet the local Chinese authorities and make another effort to come to some agreement. These conversations proved to be abortive because the Chinese negotiators

<sup>1</sup> A copy of this despatch was received in the Foreign Office on July 1 under cover of Peking despatch No. 587 of May 23.

<sup>2</sup> The reference was evidently to the repetition to Shanghai of No. 334.

<sup>3</sup> Not printed.

were not sincere in desiring to come to an arrangement, and, so far as could be ascertained, they were not really given any authority to do so by the Nanking Government. They could not be brought to discuss anything but complete surrender on the part of the Council and they would not put forward any compromise scheme themselves or even comment on the proposals made by the other side.

3. At one of the few meetings that took place, the Council's representatives tabled a proposed arrangement with the City Government for a temporary system of joint control over the areas in dispute, a copy<sup>3</sup> of which I now enclose. It will be seen that the proposal envisaged joint police control with the idea that the Chinese police should deal with Chinese cases and the Municipal police with foreign cases. Apart from policing, a general indication was also given of the manner in which other questions might be treated, such as the maintenance of roads, public works, taxation, sanitation and public utilities. The Chinese representatives merely said that they would refer these proposals to Nanking where apparently they were pigeonholed, and the matter remained in abeyance until your recent visit to Shanghai.

4. It would seem that the Sino-Japanese hostilities and the occupation by the Japanese troops of the district to the North and East of Shanghai, induced in the Chinese authorities a more reasonable attitude towards questions which interested other foreign powers. At all events that was the impression which they thought it advisable to give. In particular they announced their readiness to resume the conversations about the extra-Settlement areas. As a result of intimations to this effect made to you by members of the Nanking Government and to me by the Mayor of Shanghai, I again arranged a lunch party, on April 25th, to prepare the way for a resumption of negotiations. I invited Mr. A. D. Bell, the newly elected Chairman of the Shanghai Municipal Council, and Mr. Fessenden, Secretary-General, to meet Mayor Wu Te-chen, Mr. O. K. Yui, the Secretary-General to the City Government and Mr. J. K. Choy, the Finance Commissioner. I told my guests of the messages you had received from members of the Nanking Government regarding their willingness to deal with the problem of the extra-Settlement areas in a reasonable way, and I urged upon both parties to meet each other once more in a spirit of compromise to deal with this long outstanding and dangerous problem.

5. I pointed out to the Mayor in particular that hitherto all the advances and suggestions had been made from the foreign side, and that we had never yet been able to get the Chinese even to discuss the question otherwise than on a basis of complete relinquishment by the Council of all the valuable property which the latter had legitimately acquired in past years outside the Settlement. I said to the Mayor that his predecessor had been given various schemes in writing to which no reply had ever been received, and that he should at least put forward something in writing himself which might serve as a basis for discussion, even if there was considerable difference of opinion between himself and the Council.

<sup>3</sup> Not printed.

6. As a result of this conversation it was arranged that a meeting should take place on May 2nd between Mr. Fessenden and Major J. T. Ford of the Municipal Finance Department on behalf of the Council, and Messrs. O. K. Yui and J. K. Choy as representatives of the City Government. At this meeting, of which I enclose a minute<sup>3</sup> furnished to me by Major Ford, the Chinese presented a counter-proposal giving in very rough outline their ideas on the subject. A copy of this document<sup>3</sup> is also enclosed, and it will be seen that provided the policing of the extra-Settlement areas is surrendered to the City Government, they are prepared to appoint an Assistant Commissioner of Police, presumably a foreigner, to be nominated by the Shanghai Municipal Council. They would also be willing to delegate to the Council the authority to undertake public works and collect taxes provided the Council paid all expenses and remitted to the City Government 51% of the total receipts. They also indicated their willingness to come to a reasonable arrangement regarding fire prevention, public health, vehicle licensing, traffic control, public utilities, etc. The Council's representatives said that they would consider these suggestions and furnish their comments at a subsequent meeting, but so far no further meeting has taken place because Mr. Choy, one of the Chinese delegates, left for Nanking on the following day and has not yet returned.

7. I personally consider that the Chinese proposal, although admittedly only a vague outline, nevertheless furnishes a basis for further discussion. It is not too discouraging as a first offer in the bargain to be concluded, and I have lost no opportunity in private conversation, of impressing on the Councillors and their permanent staff the desirability of continuing the negotiations whilst the Chinese are in their present mood. They assure me that they are anxious to do so and that they are only being held up by the absence of one of the Chinese negotiators. With regard to this, the Mayor assures me that Mr. Choy will return in a few days, when the conversations can be resumed. I gather, however, that the Council are not prepared to relinquish their claim to police their own roads, and that they regard the Chinese proposal in this respect as impossible of acceptance.

8. The question of policing is, of course, the real difficulty. To the Chinese, police control is the outward and visible sign of China's sovereign rights, which I feel sure that no Chinese negotiator will dare to relinquish in a written agreement. On the other hand the Council feel strongly that unless they can retain control of the policing, any other concessions which they may secure from the Chinese in the matter of taxation, road maintenance and public utilities, are likely to prove illusory. The views of the two sides are still far apart, and I am not too optimistic that an agreement is within sight.

9. Now that the Japanese have decided to withdraw their military forces altogether from Shanghai, that particular reason for an accommodating attitude on the part of Chinese officialdom disappears. At the same time the further disintegration of the central authority and the increasing readiness

<sup>3</sup> Not printed.

of irresponsible local political groups to attack with physical violence any official suspected of surrendering Chinese rights, makes it almost impossible to negotiate an agreement that is not completely satisfactory to Chinese extremists. The officials concerned will not face the risk and prefer to take refuge in indefinite procrastination. The recent armistice agreement, even with all the help given by yourself and the other neutral Ministers, was, I venture to think, only concluded because of the 50,000 Japanese troops in Chapei, and, even so, the verbal undertakings given by the Chinese during the conference are now being publicly repudiated.

10. Nevertheless I will continue my efforts to bring the two municipalities together and if an agreement does not eventuate, it will not be for lack of interest on my part.

I have, &c.,  
J. F. BRENNAN

**No. 347**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 16, 9 a.m.)*

*No. 232 Telegraphic [F 4179/40/23]*

TOKYO, May 15, 1932, 10.25 p.m.

Prime Minister<sup>1</sup> was shot in his residence this evening and his condition is said to be critical: assailants, who are stated to have been officers in military uniform, forced their way into the house after overpowering police at the gate. Unsuccessful attempts are rumoured to have been made on Minister of Household and Count Makino and bombs were thrown at headquarters of Seiyukai and of Metropolitan Police, Bank of Japan and Mitsui and Mitsubishi Banks. Outrages appear to be of reactionary or Fascist origin. Some of the perpetrators have voluntarily surrendered themselves to the police.

It is rumoured that Home Minister (who is strong Constitutionalist) will assume Acting Premiership: also that martial law may be proclaimed.

Repeated to (? Peking, omitted.)

<sup>1</sup> Mr. Tsuyoshi Inukai.

**No. 348**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 16, 9 a.m.)*

*No. 233 Telegraphic [F 4180/40/23]*

TOKYO, May 16, 1932, 11.50 a.m.

My immediately preceding telegram.<sup>1</sup>

Prime Minister died last night.

In best informed circles . . .<sup>2</sup> yesterday are believed to be the work of quite young officers with no serious organisation behind them and Army,

<sup>1</sup> No. 347.

<sup>2</sup> The text is here uncertain.

Navy and Police are considered absolutely reliable. Everything is normal here except for armed sentries and extra police at certain points.<sup>3</sup>

Repeated to Peking.

<sup>3</sup> Condolences were sent to the Japanese Government in Foreign Office telegram No. 86, and to the Prime Minister's family in Foreign Office telegram No. 87, both of May 16. Telegram No. 88 of May 17 conveyed 'a similar message at the instance of His Majesty's Government in the Commonwealth of Australia'.

## No. 349

*Sir M. Lampson (Peking) to Sir J. Simon (Received May 17, 10 a.m.)*

*No. 262 Telegraphic [F 4191/27/10]*

PEKING, May 17, 1932, 10.12 a.m.

My telegram No. 260.<sup>1</sup>

His Majesty's Consul at Amoy reports that communist leader Chu Te is stated to have arrived at Changchow with 6000 reinforcements and he is apprehensive as to the local situation. He adds that while fully realising the importance of the point stressed in my telegrams Nos. 4 and 5<sup>2</sup> (repeated to Foreign Office) he feels very strongly that the best way to protect foreign lives and property in Kulangsu is to land forces now to co-operate with the police and that if United States authorities are unable to agree we should do so in co-operation with the French and Japanese rather than wait until a serious situation has actually arisen. He is sure that such action would provoke no protest on the part of the Chinese; Consular body, he says, including United States Consul,<sup>3</sup> agreed with the above views.

2. My United States colleague has, from the first, disapproved of the proposal to land naval forces. He only reluctantly authorised their landing for the defence of American lives and property in the case of imminent danger but not for the defence of the Settlement and he will not countenance their use as reinforcements for police. My view is that it should not be for the defence of the Settlement but for that of British lives and property as at another treaty Port and that if the men are landed we must be prepared to use them; and however remote the danger may appear at present there must always be the possibility of a serious clash when as now the island is invaded by swarms of refugees.

3. I submit we should adhere to the guiding principle laid down in the Commander-in-Chief's memorandum O.1705<sup>4</sup> of May 14th 1930 'protection of British lives in China' and in my despatch 168 to Nanking of June 4th 1930.<sup>5</sup> At present moment British lives and property are not in imminent danger but point for decision is whether British interests at Amoy are of

<sup>1</sup> Not printed.

<sup>2</sup> Nos. 261 and 278.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 512-15.

<sup>4</sup> Cf. No. 264, line 3.

<sup>5</sup> Not traced in Foreign Office archives.

sufficient importance to justify possibility of armed clash with possible political complications.

4. In view of Consul's opinion that landing should be effected now I request immediate instructions whether you consider interests at stake justify the landing of a small party as reinforcements for police.

5. As the matter is urgent an early reply is requested.<sup>6</sup>

Repeated to Mission, Amoy, Commander-in-Chief.

<sup>6</sup> Sir J. Simon's telegram to Peking, No. 92 of May 19, said that he entirely agreed 'with the view expressed in the first sentence of paragraph 3' of this telegram.

### No. 350

*Sir R. Lindsay (Washington) to Sir J. Simon (Received May 17, 9.30 p.m.)*  
*No. 217 Telegraphic [F 4232/1/10]*

WASHINGTON, May 17, 1932, 4.25 p.m.

Under Secretary of State tells me United States plan to withdraw first<sup>1</sup> regiment to Manila from Shanghai about the middle of June when a transport will in normal course be there. He said that if between now and then something untoward occurred decision might be reconsidered but Japanese by then would have withdrawn the bulk of their troops if they observe their undertakings and he understood His Majesty's Government have already withdrawn some of their reinforcements to Hongkong. Normal force of marines would of course remain.

He begged that this . . .<sup>2</sup> may be treated as confidential.<sup>3</sup>

<sup>1</sup> Another text of this telegram was here amended to read: 'thirty-first'.

<sup>2</sup> The text is here uncertain. Another text of this telegram here read: 'this warning'.

<sup>3</sup> The U.S. Ambassador subsequently informed Sir J. Simon on June 8 that 'the United States Government intended to withdraw a force of 1200 men (31st Infantry) from Shanghai by the middle of June, when a transport would be calling for them. The American Marines will remain there as before the incident of January 28th.' According to *F.R.U.S. 1932*, vol. iv, p. 67, the withdrawal was to take place during the last week of June. The State Department announced the decision to the press on June 9.

### No. 351

*Sir M. Lampson (Peking) to Sir J. Simon (Received May 17, 8.25 p.m.)*  
*No. 265 Telegraphic: by wireless [F 4252/1/10]*

PEKING, May 17, 1932

Tokyo telegrams Nos. 230 and 231.<sup>1</sup>

I have discussed this with United States Minister and we are both fully agreed that proposed round table conference on Shanghai would be a fundamental mistake and should be discouraged.

<sup>1</sup> Nos. 342 and 343.



2. Views embodied in my telegram No. 44 to Geneva<sup>2</sup> hold good. I confidently predict that proposed conference would be productive of nothing but harm and United States Minister is so advising State Department.<sup>3</sup> We both feel it is infinitely better to work along present lines and hope that something concrete may emerge from overtures made to us both several times of late both by Minister for Foreign Affairs and the Mayor of Shanghai in other words let time do its work.

3. Nor as a side issue do I think that we should acquiesce in the lead in the matter of Shanghai passing to Japan. If in the fulness of time we should come to feel that Shanghai conference would be really helpful, let it be *we*<sup>4</sup> who take the lead, in our own good time and in our own way. The mere fact that it is Japan which does so now (and as usual advertises it inopportunistically in [? through] the notorious Shiratori)<sup>5</sup> is quite enough to damn it in Chinese eyes. I greatly trust His Majesty's Government may be able to talk it out of realm of practical politics.<sup>6</sup>

<sup>2</sup> See Volume IX, No. 643.

<sup>3</sup> See *F.R.U.S.* 1932, vol. iv, pp. 18-19.

<sup>4</sup> Sir J. Simon here noted in the margin of the filed copy: 'Spell it with a *we*, Samiwell my boy!' The reference is no doubt to the trial scene in chapter 34 in Charles Dickens's *Pickwick Papers*.

<sup>5</sup> In Tokyo telegram No. 237 of May 20 to the Foreign Office, Sir F. Lindley said that the news had not been deliberately published but was obtained somehow by one Japanese newspaper; the Ministry of Foreign Affairs was embarrassed at the disclosure and published an official denial. Cf. No. 382 below.

For earlier announcements by Mr. Shiratori, Head of the Press Bureau of the Japanese Ministry of Foreign Affairs, see Volume VIII, No. 693 (p. 862), Volume IX, No. 439, and above, No. 162.

<sup>6</sup> In despatch No. 597 of May 24 to the Foreign Office (received July 19) Sir M. Lampson sketched the history of the Round Table Conference plans and repeated the recommendations made in the above telegram. He remarked that 'the Japanese have always spoken of "securing the safety of the foreign residents" and are believed to be working for a demilitarized zone and guarantees for the suppression of all anti-Japanese activities. The Chinese, however, have agreed to participate in any conference only on the understanding that it is concerned solely with the restoration of peace in Shanghai and also subject to agreement between the participating Governments as to the agenda.' He continued (in paragraph 10): 'If the Japanese insist upon their pound of flesh we should therefore, I submit, make it clear beyond misapprehension that the Round Table Conference to be called in accordance with the plan of February 29th is for the settlement of Sino-Japanese disputes alone and that we come in as disinterested friendly participants only, and further that it is conditional on compliance with the Chinese reservations, namely that it is concerned only with the restoration of peace and that the participating Governments agree on the agenda. This would almost certainly render the holding of such a conference impossible, which is in my view a consummation most earnestly to be desired. We can then, as I have already said, if necessary, ourselves take the lead at a later date in calling a conference for the discussion of the genuinely international problems of Shanghai. There would certainly be a much better chance of settling something along these lines. I must however confess that I do not myself believe that the Shanghai problem is of a nature which lends itself to solution by any form of conference at all. It is far too delicate and ticklish a problem.'

*Memorandum by Mr. Roberts<sup>1</sup>*

[F 4386/27/10]

FOREIGN OFFICE, May 17, 1932

*The Situation in Canton*

A schismatic Chinese Government hostile to Chiang Kai-Shek was constituted at Canton on May 28th 1931. The difficulties arising out of the Manchurian situation led to an attempt to heal the breach between Canton and Nanking, and a conference was held at Shanghai in November and December, as a result of which Chiang Kai-Shek resigned all his political offices and the Central Chinese Government at Nanking was reconstituted and assumed a predominantly Cantonese complexion. The 'National Government' set up at Canton was thereupon dissolved on January 1st 1932.

Subsequent events found the new Nanking Government unable to cope with them, and many of the Cantonese leaders included in it, in particular Sun-fo and Eugene Chen, quickly resigned or left Shanghai for the south. Chiang Kai-Shek, though holding no important political office, thereupon recovered, in conjunction with Wang Ching-wei, a considerable part of his lost influence.<sup>2</sup> This new turn once again alienated Canton, whose opposition had been largely a personal opposition to Chiang Kai-Shek, and the separatist tendency has been showing itself in a more and more marked way. There has not as yet been any fresh declaration of independence, but if Chiang Kai-Shek formally resumed political power there might well be one. Meanwhile the 'South West Council' set up on the dissolution of the Canton Government on January 1st last is being maintained as the framework of a possible political administration in Canton, either purely regional or claiming to be 'National'.

The real power at Canton seems to be largely, if not wholly, in the hands

<sup>1</sup> This memorandum was asked for by Sir R. Vansittart in view of Peking telegrams Nos. 243 of May 8 and 250 of May 10 (both received May 11; not printed), reporting recent moves by Marshal Chen and others at Canton.

<sup>2</sup> Sir M. Lampson on May 17 forwarded to the Foreign Office a letter of May 3 from Mr. Ingram (Nanking) with the comment: 'The main burden of his theme is, firstly the unnaturalness of the alliance which at present binds together Wang Ching-wei and Chiang Kai-shek, and secondly the growth in unpopularity of the Kuomintang. I daresay there is much in both of these points: but personally I am not inclined to over-emphasise the first. The alliance may be unnatural—but I shouldn't be too surprised if it worked nevertheless. As to the Kuomintang, there is certainly a very marked general growth in its unpopularity. But once again, I should hesitate to jump too hastily to any conclusions. China is a funny place—as has so often been said before—and has an uncanny knack of "muddling through" despite everything. For that, amongst other reasons, I am inclined to take a less gloomy view than Ingram does. But it may well prove that it is he and not I who is right.'

Sir J. Pratt commented: 'I doubt if we shall see a stable central government in China in our time and I very much fear that the Customs—China's last sheet anchor—may soon go west. On the other hand the attack on foreign privileges is not likely to be renewed for a considerable time. If there is a revival in world trade I should expect a rapid recovery in China. J. T. Pratt. 29/6.'

of Chen Chi-tong, who, although a Cantonese himself, was appointed Military Governor of Kwantung by Chiang Kai-Shek in 1929. Although an adherent of the 1931 movement against the latter, he appears to have been supporting Chiang Kai-Shek, at any rate nominally, for the last few months. In the last few days he has, however, signed a manifesto opposing the Truce Agreement recently concluded in Shanghai, and there is reason to believe that his relations with Nanking have deteriorated owing to financial difficulties.

The position at Canton remains obscure, since Chiang Kai-Shek is hoping to make peace with the Cantonese politicians, such as Sun-fo, who have been ousted from power by Chen Chi-tong who, for his part, is intriguing to prevent himself being left out of the picture in any arrangement which may be made between Chiang Kai-Shek and Sun-fo. All three elements,—Chiang Kai-Shek, the Cantonese politicians and Chen Chi-tong,—are scheming for position and the general aspect of the chess-board changes daily.<sup>3</sup>

<sup>3</sup> The following minutes were attached to the memorandum, which was also initialed by Sir V. Wellesley:

'I think Mr. Roberts' note describes the situation as well as it can be described briefly. A kind of simultaneous (Chinese) chess is being played between (a) Cantonese politicians (b) other politicians (c) Chiang Kai-shek (d) Chen Chi-tong—(b) (c) and (d) being pieces on (a)'s chessboard and so on—with the difference that the pieces don't stay where they are put. In other words, daily masterpieces in double, -treble-, &c. -crossing are being performed by people who are unequalled at that pastime. The Canton politicians originally planned to overthrow the Nanking clique last year by promising a more co-operative association with Japan—after Manchuria & Shanghai they want to criticize those responsible for China's policy (they themselves having fled from the responsibility of conducting it) for being too subservient to Japan. The Japanese, by declaring their intention of clearing out of Shanghai, have deprived the thunder of the proposed Cantonese manifesto of much of its resonance: and on the face of it Chen Chi-tong should be in quite a strong position in Canton—but Chiang Kai-shek is trying for a reconciliation with the Southern politicians and may leave his original adherent out in the cold, while the latter is quite capable of agreeing with the local politicians to excommunicate Chiang Kai-shek. The final compromise or the final "double-cross" will be done at speed, and there are no possible means of knowing in advance in which of three or four possible directions it will be. Meanwhile each player tries to get as much money and military force as possible under his control, and the Kwangsi-Kwangtung animosity remains permanent, though at the moment it is quiescent.

'D. MacKILLOP 17/5'

'Many thanks for an interesting note. R. V. May 19.'

### No. 353

*Sir R. Lindsay (Washington) to Sir J. Simon (Received May 19, 9.30 a.m.)*

*No. 220 Telegraphic [F 4261/1/10]*

WASHINGTON, May 18, 1932, 1.21 p.m.

Secretary of State told me today<sup>1</sup> of Japanese proposal for a Five Power Conference at Tokyo. On this his first impressions, liable to be revised, are as follows:—

<sup>1</sup> The date of drafting of this telegram may have been May 17; cf. *F.R.U.S. 1932*, vol. iv, pp. 19-21 for Mr. Stimson's account of this conversation, dated May 17.

He thought proposal should be accepted in principle but was inclined to agree with suggestion of representatives of the Four Powers at Tokyo that Conference should not meet till evacuation of Shanghai was complete. Invitation must be extended to Chinese otherwise Conference would be sterile. He felt Agenda must be open so as to include the Manchurian question. He was very doubtful whether Tokyo was the best place for meeting.

I may get more definite views in a day or two.

### No. 354

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 18, 9.50 a.m.)*

*No. 235 Telegraphic [F 4234/451/10]*

TOKYO, May 18, 1932, 2.10 p.m.

Your telegram No. 91 to Peking.<sup>1</sup>

I showed your telegram to United States Chargé d'Affaires who had received nothing from Washington.

I consider Salt Gabelle is not of sufficient importance or particularly suitable opportunity to raise the question of Nine Power Treaty. See Sir M. Lampson's telegram No. 251.<sup>2</sup> Reply of Japanese Government to possible protest on this question is clearly indicated in reply of Japanese Minister in China to protest against salt administration enclosed in Sir M. Lampson's despatch No. 101 Tour Series,<sup>3</sup> of April 26th.

If it is considered desirable to raise the question of Nine Power Treaty which has undoubtedly been broken by Japan in spirit at any rate I submit it would be a great mistake to act without France and Italy at least.

If we act alone with the Americans we shall be represented here as using Nine Power Treaty as an excuse for opposing legitimate development of Japan in the Far East and we shall incur great hostility besides a certain rebuff. Nine Power Treaty should not be raised except as a result of most careful consideration and then under Article 7 of the Treaty.

Present moment when the country is in a state of excitement and uncertainty as a result of political crisis is particularly unsuitable for raising a question which will rouse passions to a high pitch.

United States Chargé d'Affaires agrees with above and will so inform his Government if his views are requested. I have mentioned question to no one else.

As regards British interests, apart from principles I am convinced that we shall secure better results if acting alone than with others especially the Americans. Thus smuggling reported in my telegram No. 192<sup>4</sup> has been completely stopped as result of . . .<sup>5</sup> action of this Embassy.

Repeated to Peking.

<sup>1</sup> No. 344.

<sup>2</sup> No. 166.

<sup>3</sup> Not printed.

<sup>4</sup> See No. 204, note 6.

<sup>5</sup> The text is here uncertain.

No. 355

*Sir M. Lampson (Peking) to Sir J. Simon (Received May 19, 9.30 a.m.)*  
*No. 266 Telegraphic: by wireless [F 4265/561/10]*

PEKING, May 18, 1932

Reference Nanking telegram No. 12.<sup>1</sup>

China Inland Mission has received a telegram that H. F. Ferguson, British missionary, has been captured by communists and is being held prisoner in a small sailing vessel but another member of the Mission, an American, W. W. Moore is safe at Yinchow.

Waichiaopu have promised to do all they can and have suggested presence of Vice-Consul might assist the local authorities. I have accordingly instructed His Majesty's Consul-General, Nanking, to send Vice-Consul Grain [? Graham] to Pengpu to try to get into touch with Ferguson.

Repeated to Nanking and Shanghai.

<sup>1</sup> Of May 15, not printed.

No. 356

*Sir M. Lampson (Peking) to Sir J. Simon (Received May 20, 9.30 a.m.)*  
*No. 269 Telegraphic: by wireless [F 4300/451/10]*

PEKING, May 19, 1932

Your telegram No. 91.<sup>1</sup>

I still adhere to my original view propounded in my telegram No. 251 Tour<sup>2</sup> that since Chinese Government in 1928 departed from provisions of reorganisation loan agreement we are no longer sufficiently interested in fate of salt administration and that our case for intervention on that account is consequently weak. If it is intended to protest against interference with administrative integrity of China I should have thought general representations, on lines suggested in your telegram No. 55 to Shanghai,<sup>3</sup> against the whole structure which Japanese have set up or connived at setting up in Manchuria would be far wiser.

At the same time I fully appreciate primary importance of keeping [? in] line with United States and that this may well outweigh arguments from purely local point of view expressed above. But if representations concerted or otherwise are to be made at Tokyo I would submit that they be couched in studiously objective and general terms in order to guard against our being met with a flat disclaimer of responsibility which although obviously insincere might prove difficult to refute.

<sup>1</sup> No. 344.

<sup>2</sup> No. 166.

<sup>3</sup> No. 171.

Above was drafted prior to receipt of Tokyo telegram No. 235<sup>4</sup> to Foreign Office, which does not alter above view.<sup>5</sup>

Repeated to Tokyo and Mission.

<sup>4</sup> No. 354.

<sup>5</sup> In commenting on this telegram, Sir J. Pratt minuted on May 20: 'the structure that the Japanese have set up in Manchuria is going to remain: we cannot stop it but we may be able to make it less harmful to our interests, in its details, by protesting vigorously against particular details to which we take exception. From this point of view there is something to be said for a protest—illogical though it may be—against interference with the Salt Gabelle, because such a protest will make it easier for us to enter further protests against infringements of the open door. I suggest therefore that our decision now should be that we must be ready to agree to making representations at Tokyo as soon as the Americans approach us again on the subject.'

Sir R. Vansittart however disagreed. 'The moment for representations at Tokyo cd. hardly be worse chosen: the U.S. representative at Tokyo, as well as our own representatives at Tokyo and Peking are against it. Nor is the ground well chosen either. We shd. not be frisking round its margins except to please the Americans. I am as anxious as anyone to walk with them as far as possible, but when they contemplate an unsound step, we shd. rather try to dissuade them, basing ourselves on local expert opinion, including their own. I should rather have thought that, as I intimated to Mr. Norman Davis, we shd. not, generally speaking, be on sound or fruitful ground for protest, till after the Lytton commission has reported. Of course our hand may be forced meanwhile, but this hardly seems a forcing case.

R. V. May 23.'

Sir J. Simon minuted: 'Very well: at any rate we can wait for the U.S.A. to raise the matter further with us. I had previously been impressed with the arguments in F 4173/451/10 [No. 344], but Sir M. Lampson's view makes a difference.

J. S. May 28.'

### No. 357

*Sir F. Lindley (Tokyo) to Sir. J. Simon (Received June 7)*

*No. 271 [F 4683/40/23]*

TOKYO, May 19, 1932

Sir,

With reference to my telegrams Nos. 232 and 233 of the 15th and the 16th instant respectively,<sup>1</sup> I have the honour to report that Mr. Tsuyoshi Inukai, Prime Minister of Japan, was shot in his official residence on the afternoon of Sunday, the 15th, in horrible circumstances which have met with general condemnation. Mr. Inukai, who was seventy-seven years of age, succumbed to his wounds shortly before midnight on the day of the attack.

2. Official statements which have been issued by the Ministries of War and Marine admit that the perpetrators of the crime were young military cadets belonging to the Military Officers' School and first and second lieutenants in the Navy; and such reports as the censor has allowed to be published show that the attack on the Premier was carefully planned beforehand to be carried out simultaneously with a number of other outrages against prominent officials or institutions. The conspirators, numbering seventeen

<sup>1</sup> Nos. 347 and 348.

in all, divided themselves into three groups, the first of which, comprising nine men, proceeded to the residence of the Premier and, after overpowering the police guards at the front and back entrances by shooting them, forced their way into the room in which Mr. Inukai was resting and chatting with his daughter-in-law. The Premier is reported by the latter to have rejected her advice to flee to another room and to have marched boldly towards his murderers, with whom he offered to discuss any matter that they might wish to bring forward, as he felt sure everything could be arranged by a short talk. According to some reports there was a discussion, but the subject of it is unknown, though there is reason to believe that it occasioned some heat, because Mr. Inukai is reported to have told the nine military men lined up in front of him that if they did not comprehend his meaning they could shoot. Whereupon the order was given by one of them to shoot, and the Premier fell forward hit in the forehead, the chin and the jaw. The culprits made their escape from the house, held up a number of taxi-cabs at the point of the pistol, and proceeded to a rendez-vous with other members of the gang, who had meanwhile been carrying out their part of the programme of terrorism.

3. The attack on Mr. Inukai took place at about 5.40 p.m. About ten minutes earlier another group had visited the private residence of Count Makino, Lord Keeper of the Privy Seal, and thrown bombs at the entrance, without, however, inflicting any injury on the Count. He informed me that the first he knew of anything unusual was when his grandson ran into the room and told him there was a tumult outside the house. He learned later that five men had driven up in a car and asked to be admitted. The policeman at the gate had refused and been shot, but not fatally. The fracas attracted other police who were quartered in the adjacent small houses and the men drove off after throwing two bombs, one of which did not explode, into the garden. Similar parties demonstrated in the same way by throwing bombs at the headquarters of the Seiyukai, the Bank of Japan and the Mitsubishi Bank, and by forcing their way into the Headquarters of the Metropolitan Police and firing at random, but the damage caused in all these cases was infinitesimal. The primitive character of the hand grenades used and the fact that the outrages were perpetrated on a Sunday afternoon when no-one was likely to be present in public buildings, has [*sic*] given rise to the belief that, apart from the assassination of the Premier, which was clearly deliberate and cold-blooded, the incidents were not intended to be more than a demonstration. I understand that the viciousness of the attack on the Premier is interpreted in some quarters as due to a particular feeling of resentment against him for his opposition to the wishes of the military in the matter of the Presidency and Vice-Presidency of the South Manchuria Railway, as reported in my despatch No. 222 of the 26th April.<sup>2</sup>

4. During their mad progress through the city the perpetrators of these outrages threw broadcast from the motor cars in which they were being driven by terrified chauffeurs copies of a pamphlet of a violent character denouncing the political parties and calling upon the people to destroy the

<sup>2</sup> No. 272.

existing corrupt institutions in order to build up a nation conforming to the spirit of Old Japan. Publication of this manifesto has been prohibited by the police, but a copy has been secured from a confidential source, and I have the honour to forward herewith a translation of it.<sup>3</sup> The fact that the young naval and military officers in whose name it was issued refer to themselves as the 'agrarian association' or 'farmers' sympathisers' would appear to imply that the demonstrators were impelled as much by their sympathy for the suffering agricultural communities as by their disgust of the corruption of political parties.

5. Some seventeen of those who were responsible for the incidents described surrendered themselves immediately afterwards to the gendarmerie, and this act is generally interpreted by the Japanese people to prove the sincerity of their motives. But their disappearance from the stage did not end the danger to public safety, for at 7 o'clock on the same evening attempts were being made by a number of youths, calling themselves the 'Farmers' Sure Death Band,' to plunge the city into darkness by crippling the electric-power stations, which are situated in the suburbs of the capital. All these attempts were frustrated, and the culprits escaped, but a number were arrested within twenty-four hours. At midnight six men, three of whom were dressed in military uniform, proceeded to the official residence of the Minister of War and demanded an interview, which was refused. They departed without creating any incident after the Vice-Chief of the General Staff had talked to them for ten minutes.

6. I was at Hayama, a watering place in the vicinity of Tokyo, when these events were taking place, but Mr. Snow sent down a special messenger to inform me of them during the night. On Monday morning, the 16th, I came up to Tokyo by car early and at once called on the Minister for Foreign Affairs to express my regrets at what had happened, and also left cards at the official residence of the late Prime Minister. The town had already regained its usual aspect except for the fact that a few of the principal buildings were guarded by sentries with fixed bayonets and that there were rather more police in evidence than usual.

7. It is as yet too early to express any definite opinion as to how far the youthful officers who perpetrated the outrages reported in this despatch represent other elements in the country. Count Makino informed my German colleague on the evening of the 15th, just after the outrage, that he believed there was no-one behind these misguided youths and that the army, the navy, and the police were absolutely reliable. When I saw the Count the following day, and discussed with him the question at some length in all its aspects, he qualified the first of these opinions by informing me that there were more people concerned in the business than had at first been believed, and that these people were not all officers of the armed forces. He went on to say that, while all those officers actively engaged in the conspiracy were quite young, there was no good denying that they had the sympathy of a good many officers up to the rank even of major. Above that rank Count Makino

<sup>3</sup> Not traced in Foreign Office archives.



considered the army was to be relied upon. He reminded me of a speech made by General Araki, Minister of War, in the month of March, to all the divisional commanders, in which he emphasised the necessity of restoring discipline amongst the ranks of junior officers. Oddly enough, one of these divisional commanders had called on the Count the morning of last Sunday in order to tell him that he was persuaded that General Araki's advice had had considerable effect and that there was now no danger of any outbreak such as actually took place a few hours after the interview. None the less, the Count was sanguine enough to believe the discipline of the lower ranks and the officers was better than it had been a few months ago. The whole position in this respect is still exceedingly obscure.

8. While, as I have already stated, it is too early to form any definite opinion of the real forces behind Sunday's exploits, I am inclined to think that there is wider sympathy for them than is generally admitted in authoritative circles. These young men, as their outrageous proclamation shows, profess much the same doctrine as do the Japanese officers who have been the driving force in Manchuria ever since last September. The fact that it has been impossible to curb the ardour of these latter does not encourage one to believe that the perpetrators of this outrage are likely to be adequately punished. It must be admitted that General Araki has played a very ambiguous part during the last few months. On the one hand it is true that he has, at any rate ostensibly, made some effort to bring the young officers to a sense of their duties; but on the other he has repeatedly, in various speeches, encouraged those ultra-patriotic feelings and so-called spirit of Old Japan which are directly responsible for all the recent political murders.

9. I am dealing with the reception given by the Japanese press to the events of last Sunday and to the purely political results of those events in separate despatches.<sup>4</sup>

A copy of this despatch has been sent to His Majesty's Government in the Commonwealth of Australia.

I have, &c.,  
F. O. LINDLEY

<sup>4</sup> See No. 374 below, and note 6 to that document.

#### No. 358

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 20, 9.30 a.m.)*

*No. 236 Telegraphic [F 4304/40/23]*

TOKYO, May 20, 1932, 6.25 p.m.

My telegram No. 234.<sup>1</sup>

Prince Saionji came to Tokyo yesterday with extraordinary precautions for his safety. Great difficulty evidently exists in satisfying Minister of War

<sup>1</sup> This telegram of May 17 (not printed) reported the resignation of the Cabinet on the previous day, and the expected arrival of Prince Saionji.

in regard to composition of future Government, and it looks as if he sympathised with assassins and their political aims which seem to resemble those of Hitler as far as they resemble anything. None the less some compromise is quite possible on familiar Japanese lines.

Present crisis has no direct connection with Manchuria or Shanghai but outcome will of course have great influence on foreign policy. Even the best informed Japanese consider future most obscure and no negotiations on any serious subject are possible until crisis has passed.

Repeated to Peking.

#### No. 359

*Sir M. Lampson (Peking) to Mr. Jamieson (Amoy)*

*No. 4<sup>1</sup> Telegraphic [F 4356/27/10]*

PEKING, May 20, 1932

My telegram No. 14<sup>2</sup> and Foreign Office telegram No. 92.<sup>3</sup>

You should adhere strictly to guiding principles laid down in Commander-in-Chief's memorandum No. 01705 of May 14th 1930 (see paragraphs 2 and 3 (a)) and in my circular to Consuls No. 58 of 1930. British forces should not be landed until British lives and property are actually in danger and I cannot authorize landing in advance of actual danger as reinforcement for police.

Subject to foregoing and provided American co-operation is assured, you have authority to take such measures as you and Senior Naval Officer may consider necessary.<sup>4</sup>

Repeated to Foreign Office, Mission and Commander-in-Chief.

<sup>1</sup> Repeated by wireless as No. 274 to the Foreign Office (received at 9 a.m. on May 23).

<sup>2</sup> The reference is uncertain but is possibly to the repetition to Amoy of No. 349.

<sup>3</sup> See *ibid.*, note 6.

<sup>4</sup> In telegram No. 176 of May 23 to Nanking (repeated as Peking telegram No. 275 to the Foreign Office) Sir M. Lampson asked Mr. Ingram to urge the Minister for Foreign Affairs to consider what action the Nanking Government could take to minimize the dangers of a clash involving the possibility of action by foreign powers on behalf of their nationals.

#### No. 360

*Mr. Brenan (Shanghai) to Sir M. Lampson (Peking)*

*No. 118<sup>1</sup> Telegraphic [F 4321/1/10]*

SHANGHAI, May 20, 1932

Military Attaché reports as follows 12 hours 20th May.

Begins.

Japanese reaction here to order for withdrawal is frank recognition that they failed to get what they wanted.

<sup>1</sup> Repeated by wireless as No. 57 to the Foreign Office (received at 7.30 p.m. on May 20).

2. Programme of rendition of areas proceeds smoothly though Japanese have postponed return of remainder of Chapei and Chenzu till the 23rd. Cause said to be lack of shipping facilities. Kiangwan was handed over yesterday after the usual formalities and much handshaking.<sup>2</sup>

Repeated to Mission and Foreign Office.

<sup>2</sup> In his despatch No. 199 to Sir M. Lampson of May 23 (copy transmitted to the Foreign Office in Shanghai despatch No. 126 of May 23, received July 13), Mr. Brenan enclosed a copy of the minutes of the first meeting, held on May 7, of the Joint Commission established under the Sino-Japanese agreement of May 5. He referred to the decision that the question of transfers might well be left to the two principals and said that, accordingly, the arrangements for withdrawal were worked out by the Chinese and Japanese delegates and notified to the representatives of the friendly powers. The various stages of the withdrawal were, however, witnessed by the military representatives of these powers.

### No. 361

*Sir R. Lindsay (Washington) to Sir J. Simon (Received June 1)*

*No. 843 [A 3302/3302/45]*

WASHINGTON, May 20, 1932

Sir,

I have the honour to transmit to you herewith a despatch from the Naval Attaché to this Embassy on the prospects of war between America and Japan and on the resultant desire noticeable in Naval Circles to acquire further naval bases. It is suggested that certain islands might be taken over as payment or part payment of war debts owing.

2. A New York gentleman, well acquainted with European politics, mentioned this subject to me the other day, though he approached it from a different direction. He said he knew many people, who, anxious to get rid of the debt situation yet despairing of the possibility of cancellation, asked themselves whether it would not be possible to take over territory as payment for part remission at least. It was recognised, he said, that the days were past when settled communities, such as the various West Indian Islands, could be used as bargaining counters; but how about British Honduras? The United States, it was true, had no desire to acquire this territory, but it might be very valuable to Mexico who would thereby get on the Caribbean Seacoast the facilities of a useful port which were lacking on the rest of the eastern shore of Yucatan. The cession of British Honduras to Mexico would be the basis of a bargain by which the United States would acquire Southern California. My informant told me that this plan was exercising the minds of several Senators and that something might be heard of it.

3. I cannot myself say how seriously this idea is being considered, nor whether it is in itself practical.

I have, &c.,  
R. C. LINDSAY

*Captain Macnamara to Sir R. Lindsay*

*No. 68*

WASHINGTON, May 18, 1932

Sir:

In view of the recrudescence of the debt question, there may be some interest in what I have been able to gather of opinion in naval centres here on this subject, connected, as it is, in naval minds, with the obsession of war between the United States and Japan, the weakness of the United States Fleet, and its lack of Overseas Bases.

*Belief in War between United States and Japan.* During the last year in Washington, I have found that the officers of the United States Navy generally believe in the probability of war between the United States and Japan at no distant date.

The reason is not easy to discover. In reality, now that the traditional war with England has faded into the background, this prevailing opinion may be due to concentration on strategical exercises in which Japan is the enemy. In argument, preservation of the Open Door is usually cited. Be this as it may, the belief is strong.

*War Situation.* Faced with the pos[s]ibility of war against Japan, the United States has a most difficult problem to solve. Assuming, as the United States Navy must, that the outcome would not be due to financial failure on the part of the enemy, and that the Japanese would not attempt egregious follies such as an invasion of any part of the American continent, victory can only be won in the China Seas.

With the relative strength of the armed forces of the two countries as they are at present, few thinking American officers would claim any probability of the United States being able to enforce its will on the Japanese Empire.

*British Alliance.* That is, unless the United States had an ally, to wit the British Empire. Then the situation would be changed indeed, and the British Fleet, Singapore and Hong Kong, would make victory probable. To the answer that England has no visible cause of war with Japan, the supposed urge from the Dominions of Canada, Australia, and New Zealand is always put forward.

But the United States realises that it may have to fight its war without allies.

To do so, it must, as has been stated before, operate in the China Seas, and this it cannot commence to do without bases there and en route to these waters.

*Philippine Bases.* At present it has Manilla and Subic in the Northern Philippines. In spite of Treaty Clauses it may lose these if Philippine Independence is established, but, in that case, it seems probable that some base in the Sulu Islands, to the southward, would be granted as compensation.

But, how to reach these bases, and how to support the Fleet there is a very difficult matter. The Fleet would require very large shipments of supplies of

all kinds, and these would be needed almost continuously. Most of the Fleet necessities must come from the East coast of the United States via Panama.

*Distances.* This distance from Panama to Honolulu is nearly 5,000 miles. Between this excellent base at Pearl Harbour and Manila or the Sulu Islands lie 4,600 miles of ocean with the Island of Guam, an inferior and weakly protected anchorage, as the only American possession on the way.

*Japanese Islands.* Moreover, the Japanese archipelagoes of the Ladrões and the Caroline and Marshall groups flank the route. True, the two latter are mandatory possessions, but few Americans believe that Japan has not prepared and fortified anchorages there.

So, from these geographical facts, and omitting many other difficulties such as the absence of docks, etc., it can be seen that even if the United States Fleet were built up to Treaty strength, the ever present problem of war with Japan is for the Navy almost insoluble.

*Marquesas and Solomons.* If, however, the United States owned the Marquesas (French) and Solomon (British Empire) archipelagoes, in addition to their existing possessions in the Pacific, the whole situation would be far more favourable.

There would be no ocean passage between American bases of over 4,000 miles. The route would be clear of Japanese Islands. In other words, given a Treaty Navy, the possession of these islands would hold out to the United States some hope of success in the war which the United States believes to be almost inevitable.

*Pacific Bases.* Thus, the United States Navy, with good reason from its own point of view, profoundly covet[?s] the possessions of debtors to the United States.

*Atlantic.* Here, now that England has ceased to be a potential enemy, there does not appear to be any urgent necessity for new naval bases.

Nevertheless, most American naval officers retain part at least of the history instilled into them in their youth. So, the British, as a traditional enemy, remain in the background.

Bermuda is 700 miles from New York. Within bombing range in the near future it is prophesied. Also much of the United States coastwise and ocean trade passes even closer to that naval base.

Obviously, the American strategist must covet it.

*Caribbean.* The Panama Canal is essential to United States naval strategy.

Routes to it pass close to Jamaica and other British Islands. With later history of Cuba before them, few Americans suggest the acquisition of Jamaica; but Trinidad and some of the other islands which have anchorages are desired.

*Debts.* The American naval officer, in common with many of his educated fellow countrymen, now realises that under present conditions the War Debts cannot be paid in gold or services. Also that the Debts retard the return of the much desired prosperity.

The country as a whole appears vehemently against cancellation.

Why not, then, is the argument, compound these debts for certain pos-

sessions not essential and of little intrinsic value to the debtor countries, England and France, and which are vital to the United States and her prospect of success in future wars?

*Hearst Press. Captain Knox.* This theme has been put forward from time to time by the Press, especially the Hearst papers; but now it is being advocated by Captain Dudley Knox, U.S.N., an able writer on naval subjects, who, though retired, has a position in the Navy Department and who undoubtedly speaks for the United States Navy.

*Counter Argument.* When this subject of exchange of bases for War Debts arises, it is found to be quite a novel idea to most Americans that the inhabitants of the islands concerned have any rights, or might hold opinions on the subject of change of nationality.

Moreover it has never occurred to the protagonists of these schemes that the aforesaid inhabitants may prefer the oppression of England to the joys of United States rule. Guarded reference to the Virgin Islands<sup>1</sup> is apt to prove salutary.<sup>2</sup>

I have, &c.,

P. MACNAMARA  
Captain, R.N.  
Naval Attaché.

<sup>1</sup> A reference presumably to the considerable relief expenditure incurred by the United States following their purchase in 1917 of the Danish Virgin Islands in the West Indies, in accordance with the Convention signed at New York on August 4, 1916 (*U.S. Treaty Series*, No. 629). See also J. H. Parry and P. M. Sherlock, *A Short History of the West Indies* (London, 1956), p. 289.

<sup>2</sup> In a minute on the file, of June 8, 1932, Sir R. Vansittart wrote: 'This is a very old hare, which is frequently restarted. I do not think it is very seriously taken in America, and it certainly is not here.'

## No. 362

### *Memorandum regarding the Soviet Union and Japan in relation to the Sino-Japanese Dispute<sup>1</sup>*

[F 4336/1/10]

FOREIGN OFFICE, May 20, 1932

There is no doubt that the Soviet Government have hitherto shown a most conciliatory spirit towards Japan's adventure in Manchuria, in spite of the manifest anxiety which they have felt in regard to their important interests in that region and notably to the Chinese Eastern Railway of which they are part owners and controllers.

They have repeatedly declared that their only concern was the safeguarding of these interests; they have repudiated charges made against them of encouraging the anti-Japanese forces: and they have even gone to the length of formally proposing to Japan the conclusion of a pact of non-aggression.

<sup>1</sup> This unsigned memorandum was prepared in the Far Eastern Department of the Foreign Office.

The attitude of the Japanese Government has shown interesting developments. The military element has consistently adopted a challenging attitude *vis à vis* the Soviet Government and has launched various accusations of intrigue and subversive activities against Soviet elements in Manchuria. The civilian element has not adopted a similar attitude—indeed on one occasion the Japanese Ambassador at Moscow hinted pretty plainly that his Government did not endorse the accusations made by their military against Soviet policy in Manchuria,<sup>2</sup> but had felt bound to bring them to the notice of the Soviet Government. As time has gone on the influence of the military on Japanese policy has increased, and *pari passu* with that increase has gone a deterioration of Russo-Japanese relations. Thus while Baron Shidehara was still Foreign Minister<sup>4</sup> in the early days of the dispute Soviet-Japanese relations remained smooth. M. Yoshizawa passed through Moscow on returning to Tokyo from Europe<sup>5</sup> to take up the post of Japanese Minister for Foreign Affairs in a Government more susceptible to military influences than its predecessor. He was given a princely welcome, and the suggestion of a pact of non-aggression was first made to him on this occasion:<sup>6</sup> he made a non-committal reply. On his return to Japan the Soviet proposal was unceremoniously turned down. Latterly the influence of the military has greatly increased in Japan, largely no doubt owing to the very great economic and political difficulties in which Japan finds herself involved, and the danger of a clash with the Soviet Government is becoming more and more acute. It seems certain that the Soviet Government is anxious to avoid this and will do all in its power to prevent it. But they have got the red army to deal with. The latter is nationalistic in outlook and may be less inclined to submit to Japanese aggressiveness, especially if, as seems likely, the latter is intensified as the result of the even more complete military domination of Japanese policy which seems to be imminent.

The Soviet Government, though maintaining their policy of avoiding war with Japan, have taken important military precautions.

His Majesty's Consul-General at Harbin has made confidential enquiries and has obtained the following information as to the disposition of Soviet Armed Forces in the Far East as on April 3rd, 1932:<sup>7</sup>

*Habarovsk-Nikolsk-Vladivostock region:*

100,000 men including the 1st Amur Infantry Division.

8 Regiments of G.P.U.<sup>8</sup> (1,200 men each).

8 'International' Regiments (750 men each). These contain a number of Chinese troops of the 'Old Kirin' Party.

<sup>2</sup> Cf. Volume VIII, No. 705.

<sup>3</sup> Amended in pencil on the filed copy to read: '? Soviet'.      <sup>4</sup> Cf. No. 125, note 2.

<sup>5</sup> Mr. Yoshizawa, who had been Japanese Ambassador at Paris since June 1930, was in Moscow at the end of 1931 and the beginning of 1932.

<sup>6</sup> Cf. Volume IX, Nos. 86 and 115; also Volume VII, Nos. 147 and 149.

<sup>7</sup> This information had been transmitted in a memorandum enclosed in Mr. Garstin's despatch No. 33 to Peking of April 15: copy received in the Foreign Office on May 18.

<sup>8</sup> i.e. of the Unified State Political Administration (O.G.P.U.).

Forty tanks are distributed among the above units and each regiment has 8 motor-cycles with machine guns in addition to the normal regimental and divisional artillery. Each Brigade has one anti-aircraft battery and a gas unit.

There are two divisions of Cossack cavalry in this region.

*Habarovsk-Blagovestchensk region:*

3rd Amur Infantry Division. 4 Regiments of G.P.U. 4 'International' Regiments. 2 Cossack Regiments. 60 aeroplanes.

*Chita-Manchuli region:*

35th Infantry Division. 1 Brigade of 17th Army Corps. 4 Regiments of G.P.U. (1,200 men each). 1 'International' Regiment. 2 Brigades and one division of Cossacks. 60 Aeroplanes. Main base at Irkutsk.

*Air Force:*

50 Hydroplanes at Vladivostock. 60 hydroplanes at Possiet Bay. 40 aeroplanes in the Nikolsk-Spasak-[? Spassk] Grodekovo region. 20 aeroplanes in Nikolsk-Habarovsk region.

*Submarines:*

Twenty submarines of 600 tons each have been commissioned and another 10 will soon be ready at Vladivostock.

*Fortifications:*

The fortifications at Vladivostock and Possiet Bay are being urgently restored. The following places are to have permanent fortifications: Russian Island, Putiatin and Askold Islands. A complete line is being erected from Scottoya to the Bay of America. 70 German specialists are assisting in these works.

The Amur Gulf, part of the Ussuri Gulf, the Gulfs of Putiatin, Vostok and America; the Straits of Strealok and Bosret have been mined.

Preparations have been made to lay in food sufficient for 200,000 men for two years, and the Soviet forces now in the Far East amount to approximately this figure, as compared with 60,000 last September. A map, with explanatory notes,<sup>9</sup> is attached.

<sup>9</sup> Not attached to filed copy.



No. 363

*Sir R. Lindsay (Washington) to Sir J. Simon (Received May 21, 6.40 p.m.)*  
*No. 224 Telegraphic [F 4338/1/10]*

WASHINGTON, May 21, 1932, 11.31 a.m.

My despatch No. 690.<sup>1</sup>

Scouting force has been ordered to remain in Pacific until October.

Please inform Director of Naval Intelligence.

<sup>1</sup> Not printed. This despatch of April 21, 1932 (received May 4) reported that 'it is evident from remarks in the press and from conversation with officers in the United States Navy Department, that the United States authorities are contemplating an alteration in the Fleet's programme, so as to retain the Scouting Force in the Pacific after May 13th next, the date on which this force was due, under previous arrangements, to return to the Atlantic. No definite orders to that effect have however yet been made public.'

No. 364

*Sir J. Simon to Sir M. Lampson (Peking)*  
*No. 94 Telegraphic [F 3696/1108/10]*

FOREIGN OFFICE, May 21, 1932, 12.30 p.m.

Your despatch No. 63 Tour<sup>1</sup> (of March 28th).

Claims arising out of the recent hostilities may be divided into three classes:

1. Looting by troops. In such cases the position is either that the troops were under the control of officers in which case their government is clearly responsible, or if they were not that the government concerned is still responsible for culpable negligence in not controlling them. These claims are good in international law whether the hostilities are regarded as war or not and claims should be presented to the government whose troops were responsible.

2. Claims which would be good in international law even if a state of war existed, and which are *a fortiori* good if the hostilities were something falling short of war. Such cases do not include damage resulting from ordinary military operations, but only damage caused wantonly or through gross negligence are (? and)<sup>2</sup> not in any way justifiable by military necessity or required in order to carry out the operations in hand. Any case where such wantonness or negligence can be proved should form the subject of a claim against the government whose troops were concerned.

3. Claims for which a belligerent would not be responsible if they arose in the course of war, e.g. ordinary damage by shell-fire, or any damage justi-

<sup>1</sup> Not printed. Sir M. Lampson had requested instructions regarding claims arising from the Sino-Japanese hostilities at Shanghai.

<sup>2</sup> This correction is made in pencil on the filed copy: 'and' was in the draft telegram.

fied by military necessity or inevitably occurring in the course of an ordinary operation of war. Such claims could therefore only be presented on the assumption of (a) that the hostilities were not 'war' (b) that they resulted from the illegal action of the government against whom the claim was made. In effect, in the present case this would involve contending that the recent Japanese military action at Shanghai was illegal or, if the damage resulted from Chinese action, that the Chinese were not entitled to defend themselves. His Majesty's Government are not prepared to advance either of these contentions.

When you are able to place any claim definitely in class 1 or 2 you may present it without further reference to me but all doubtful cases should be referred.

Claims by companies which are British by registration but Chinese in composition should be treated with caution. His Majesty's Government are entitled to advance claims on their behalf or to refuse to do so and it is undesirable to prejudice the recovery of compensation by genuinely British sufferers by claiming on behalf of interests which Chinese and Japanese will know to be really Chinese.

Claims against the Chinese government should be presented by you. Claims against the Japanese government should be presented by His Majesty's Ambassador at Tokyo to whom you should forward particulars.

Despatch follows<sup>3</sup>

Please repeat to Tokyo.

<sup>3</sup> Sir J. Simon's despatch No. 462 to Peking of May 23 is not printed.

## No. 365

*Sir J. Simon to Lord Tyrrell (Paris)*

*No. 1080 [F 4295/1/10]*

My Lord,

FOREIGN OFFICE, *May 23, 1932*

The French Ambassador called on Sir Victor Wellesley at the Foreign Office on May 19th and, among other subjects, referred to the Japanese proposals for a round table conference on the subject of Shanghai. His Excellency read out a telegram which the Quai d'Orsay had received from the French Ambassador at Tokyo and, which to all intents and purposes, was the same as Sir Francis Lindley's telegram No. 230.<sup>1</sup> It stated, however, a little more precisely the subjects which the Japanese propose to discuss; among which were the two following items:—

'(1) L'interdiction de laisser circuler dans certaines régions déterminées des soldats en uniformes.'

'(2) L'interdiction de rétablir dans une certaine zone des travaux militaires.'

2. His Excellency said that the French Government were disposed to

<sup>1</sup> No. 342.

agree in principle but they would not agree to the proposed exclusion of the Chinese and that they would be glad to know how His Majesty's Government viewed the matter.

3. Sir Victor Wellesley replied that similar information had been received from Tokyo but that as I had not yet had the papers before me, it would only be possible to give his own personal view. At first sight Sir Victor Wellesley was not at all favourably impressed with the idea and, while it might be difficult to reject it outright, it seemed desirable that we should know more precisely what the Japanese intentions were before committing ourselves, otherwise we might find ourselves manoeuvred [*sic*] into a united anti-Chinese front in order to pull the Japanese chestnuts out of the fire.

4. His Excellency expressed his own concurrence in this view.

5. Sir Victor Wellesley informed His Excellency that we had received a telegram from Washington<sup>2</sup> according to which the Americans favoured the Japanese proposals provided that the Chinese were not kept out and provided the agenda were made to include the Manchuria question. It seemed certain, however, that the Japanese Government would never agree to the inclusion of Manchuria.

I am, &c.,

(For the Secretary of State)

DOUGLAS MACKILLOP

<sup>2</sup> No. 353.

#### No. 366

*Sir J. Simon to Sir R. Lindsay (Washington)*

*No. 693 [F 4384/1/10]*

Sir,

FOREIGN OFFICE, *May 23, 1932*

Mr. Mellon<sup>1</sup> came with Mr. Atherton to see me this afternoon, and Mr. Atherton read to me a long message<sup>2</sup> giving the reflections of the Department of State on the proposal recently made by the Japanese Minister for Foreign Affairs for the holding of a conference at Tokyo between the five Powers (Britain, the United States, France, Italy and Japan) in order to ensure permanent peace in and around Shanghai after the withdrawal of Japanese troops. (See Tokyo telegrams Nos. 230 and 231<sup>3</sup> of the 14th May). Mr. Stimson in his message recalled that he and I had reached a working agreement at Geneva for keeping in touch with each other on important developments in the Far Eastern situation,<sup>4</sup> and he regarded this proposal as of importance, so that he wished to ascertain the view which we took of it. Mr. Stimson's own feeling was that the exclusion of China from such a conference would not be likely to produce good results, and he doubted whether Tokyo was the best place for such a conference if it was to be held at all. At the same time discussions aiming at an agreement between China and Japan

<sup>1</sup> U.S. Ambassador in London since April 1932.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 25-28.

<sup>3</sup> Nos. 342 and 343.

<sup>4</sup> Cf. No. 301.

on matters now in controversy which involved the obligations of any multi-lateral pact (by which Mr. Stimson was obviously referring to the Nine-Power Treaty) were greatly to be desired, and consequently Mr. Stimson felt that it would be difficult to reject the Japanese proposal out of hand. What were our views?

I said that we had received from Tokyo the same proposal as that to which Mr. Mellon referred, and had learned that it had been the subject of private discussion between the representatives of the four Powers at Tokyo to whom the communication had been made. We also took the view that there were formidable objections to adopting the plan of a five-Power conference held in China's absence which aimed at agreeing on arrangements which would then be pressed on China at a subsequent meeting in Shanghai. We felt that this would irritate and arouse the suspicions of the Chinese, and we were not surprised to learn that the United States felt the same objection. At the same time we sympathised with and shared the anxiety of the Japanese Minister for Foreign Affairs to find some means of securing permanent peace at Shanghai, and we had contemplated suggesting, as an alternative to his proposal for a conference, that he might instruct the Japanese Ambassadors at the capitals of the interested Powers to develop his ideas on the subject in the first place in order that, if any hopeful plan emerged, means might then be sought of bringing the Chinese naturally into the discussion. I gathered, however, from Mr. Mellon that Mr. Stimson would prefer for the present that the further exploration of the proposal should take place at Tokyo through our respective representatives there. If this turned out to be the case I was ready to keep in step with him by this modification.

We agreed that until the position and policy of the new Japanese Government were more fully known it would be difficult to make progress in the matter. In the meantime it was important not to reject the suggestion outright, for that would give Japan the excuse for going ahead on her own line on the ground that the other Powers, when invited to a consultation, refused the opportunity. I took note in the message given me by Mr. Mellon of an indication that Mr. Stimson would like to see the proposed conference about Shanghai enlarged into a discussion of all matters in difference, including Manchuria, and I said that it seemed to me in the circumstances very improbable that Japan would be willing to give this extension to the subject matter.

Mr. Mellon said that he would report to Mr. Stimson what had passed between us,<sup>5</sup> and was glad to feel that we were in close accord as to the way in which the suggestion of the Japanese Foreign Minister should be handled.<sup>6</sup>

I am, &c.,  
JOHN SIMON

<sup>5</sup> See *F.R.U.S. op. cit.*, pp. 32-33.

<sup>6</sup> In his telegram No. 89 of May 24 to Tokyo, Sir J. Simon gave a similar account of his interview with Mr. Mellon. He said that the Chinese 'are already determined to restrict as much as possible the scope of the proposed conference', and asked for Sir F. Lindley's considered views, particularly with regard to the alternative modes of procedure.

*Sir E. Ovey (Moscow) to Sir J. Simon (Received May 30)*

*No. 263 [F 4527/1/10]*

MOSCOW, May 23, 1932

Sir,

I have received your despatch No. 286<sup>1</sup> (F 3376/1/10) of the 29th April requesting my observations on a despatch No. 144,<sup>2</sup> *Confidential*, of the 12th March, 1932, written by Sir Francis Lindley with regard to Soviet aspirations and interests in the Far East.

2. I have no reason to alter the general opinion I have already expressed that the primary object of the Soviet Government is not to become entangled in any foreign war. With this object in view they would go to great lengths not to be drawn into a quarrel with the Japanese. Mr. Spilwanek, however, in his statement that 'Russia's only important interest in Manchuria is to safeguard the livelihood of the 30,000 or 40,000 Soviet citizens there, who are dependent on the Chinese Eastern Railway' has gone further than Mr. Litvinov or any other official with whom I have talked on the matter.

3. The Soviet Government have naturally refrained from recognising the new Manchurian State, but correspondence is conducted through the consuls on a *de facto* basis with the Government. As the construction of the new State is likely to last for many years to come, it would seem that the continuance of these *de facto* relations must, apart from other considerations, tend to produce a certain stability of policy based on the habit of acquiescence in the *status quo*.

4. The Soviet Government are, of course, extremely interested in the preservation of the integrity of the Maritime Provinces and their other territories in the Far East. The recent purchase of Canadian corn from Vancouver for the Far Eastern territories and the military preparations which have been from time to time reported, show that in this respect the Russians are determined to show the Japanese that whatever régime they may temporarily succeed in setting up in Manchuria there can be no question of Japanese military expansion outside.

5. I did not specifically put to Mr. Litvinov, when I saw him a few days ago on my return, any question with regard to the accuracy of Mr. Spilwanek's statements, but, generally speaking, His Excellency seemed to consider that relations with Japan were on a somewhat more friendly basis than when I had last seen him. Japan was undergoing a form of revolution accompanied by assassination and the Soviet Government are naturally watching developments with the greatest possible interest. Japan had done exactly what she wanted at Shanghai and her departure therefrom was in no measure due to the League of Nations or to any other country's foreign policy. In spite, however, of this I acquired a strong feeling that Mr. Litvinov was definitely relieved for the moment at the improvement of Soviet-Japanese relations.

<sup>1</sup> Not preserved in Foreign Office archives.

<sup>2</sup> No. 72.

6. As regards Sir Francis Lindley's suggestions as to the 'potential value of Russian citizens in Manchuria as instruments of propaganda', I am inclined to believe that Russia, in spite of a general diminution of faith in the success of foreign propaganda, will lose no reasonable opportunity of spreading her doctrines abroad. On the other hand, her absorption in the problems of social reconstruction is such that the possibility of a Japanese hegemony in Manchuria, temporarily closing that country as a base of propaganda, would not be of great importance. If the Japanese are successful, Russia will be able to console herself with the thought that any system of capitalist reactionary repression is more liable eventually to open up a favourable field for the cultivation of the communist microbe than an unsuccessful attempt to prepare the ground in the face of continued opposition.

7. I am entirely in agreement with Mr. Spilwanek's view that the present government are much more realistic in their foreign policy than were the later Imperial Government and that so far as the Chinese Eastern Railway and Manchuria in general are concerned they are more likely to be weighed by material considerations than by considerations of mere prestige.

I have, &c.,

ESMOND OVEY<sup>3</sup>

<sup>3</sup> A copy of this despatch was transmitted to Tokyo under Foreign Office despatch No. 425 of June 16. In a note of June 13 to the British Embassy, Tokyo, the Far Eastern Department said, in relation to Sir E. Ovey's despatch: 'No reference is made to the Mo-Te-hui negotiations [cf. No. 72, paragraph 7], and we understand that it is very unlikely that Moscow could provide any useful information on this subject—indeed no clue was apparently available as to when meetings took place or what took place at them. Our impression is that nothing at all ever resulted from the negotiations, which were never intended by the Chinese to be serious and in any case were, of course, prejudiced by considerable doubts of the integrity of Mr. Mo-Te-hui himself'.

### No. 368

*Sir M. Lampson (Peking) to Sir J. Simon (Received May 24, 9 p.m.)*

*No. 282 Telegraphic: by wireless [F 4408/2362/10]*

PEKING, May 24, 1932

Your telegram No. 81.<sup>1</sup>

Commercial Secretary Harbin reports no such warning has been given to British, German or American Insurance Companies in Harbin.

2. Municipal properties there are insured 65% with Chinese and 35% with German and American companies. Chinese companies anticipate that their policies will not be renewed and will be transferred to Mitsubishi Trading Company whose local agents recently made a statement which may have given rise to reports referred to.

<sup>1</sup> In this telegram of May 7 Sir J. Simon referred to press reports (i.e. in *The Morning Post*, April 23) that foreign insurance companies in Manchuria had been warned that policies issued on administrative buildings had been cancelled, and that such business might in future be undertaken only by Japanese companies.

3. Apart from instance reported in Commercial Secretary's despatches<sup>2</sup> British and Foreign Insurance Companies appear to have made no complaint.<sup>3</sup> Some policies on Provincial Government as well as municipal property have been taken out with Japanese companies instead of renewing policies hitherto issued by Chinese companies. Such transfers are probably defensible on purely business grounds.

4. Risks undertaken by Japanese companies are reported to be largely reinsured in London.

Copies to Mukden, Harbin and Commercial Counsellor.

<sup>2</sup> Presumably a reference to the instance reported in Harbin despatch No. 17 Overseas Trade B of March 11, see No. 240, enclosure, and No. 139.

<sup>3</sup> Peking telegram No. 334 of June 14 (received 6.27 p.m.) read: 'My telegram No. 282. His Majesty's Consul General Mukden reports there are no cases of this nature in his district.'

### No. 369

*Mr. Ingram<sup>1</sup> (Peking) to Sir J. Simon (Received May 26, 9 a.m.)*

*No. 288 Telegraphic: by wireless [F 4438/65/10]*

PEKING, May 25, 1932

Following received from Shanghai telegram No. 125 of May 23rd, begins: Addressed to Peking, repeated to Mission.

Committee of British residents association recently drafted resolution calling on Powers to convene round table conference to settle Shanghai question including outside roads, demilitarised zone, and district court. Committee forwarded this resolution to all foreign Chambers of Commerce asking for endorsement after which it would be forwarded to respective governments through diplomatic channels.

Committee also decided to call special ratepayers meeting to pass resolution instructing Municipal Council to press for Conference at which Council should be represented to settle future status of Shanghai in the light of Feetham report.<sup>2</sup>

Mr. C. Marshall<sup>3</sup> consulted me<sup>4</sup> and I told him privately of your attitude towards proposed round table conference and I advised British Chamber of Commerce not to support above mentioned agitation.

British Chamber of Commerce eventually endorsed resolution with certain alterations on condition that it should not be published in China but they

<sup>1</sup> Mr. Ingram was in charge of H.M. Legation at Peking from May 25 during Sir M. Lampson's absence on leave.

<sup>2</sup> Cf. No. 48, note 2. The fourth, and last, volume of this Report (consisting of Part VII dealing with supplementary questions) had been submitted to the Shanghai Municipal Council on January 6, 1932.

<sup>3</sup> Mr. Calder Marshall was Chairman of the British Chamber of Commerce, Shanghai.

<sup>4</sup> i.e. Mr. Brennan.

expressed strong opposition to proposed special ratepayers meeting and latter idea has now been abandoned.

Chinese press has published British residents association's proposals in full and a counter manifesto was issued by Chinese political associations threatening anti-British boycott but I do not think undue importance need be attached to agitation on either side.

Despatch<sup>5</sup> follows.

<sup>5</sup> This Shanghai despatch to Peking has not been traced in Foreign Office archives.

### No. 370

*Mr. Brennan (Shanghai) to Mr. Ingram (Peking)*

*No. 129<sup>1</sup> Telegraphic [F 4439/1/10]*

SHANGHAI, May 25, 1932

Military attaché reports 16.00 hours May 24th Japanese continue withdrawals but evidently intend as a temporary measure to occupy four localities as designated in agreement.

It can be assumed that Army will shortly complete withdrawal but naval landing party to be left behind as Garrison are indefinite as to how long they will occupy small triangular area in Chapei west of Woosung railway (area 4 of agreement).

2. Wang . . .<sup>2</sup> village was handed back today. Paoshan walled city is due to be handed back tomorrow. Embarkation of units and stores for Japan continues.

Repeated to Mission and Foreign Office.

<sup>1</sup> Repeated by wireless as No. 62 to the Foreign Office (received at 9.30 p.m. on May 25).

<sup>2</sup> Printed as in the original. In his following telegram, No. 63 of May 25 to the Foreign Office (received at 9.30 p.m.), Mr. Brennan reported: 'Following areas vacated today by Japanese: Woosung village and forts.'

### No. 371

*Mr. Ingram (Peking) to Sir J. Simon (Received July 2)*

*No. 600 [F 5279/561/10]*

PEKING, May 25, 1932

His Majesty's Chargé d'Affaires, Peking, presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and transmits herewith three copies of the undermentioned paper.

*Name and Date*

*Subject*

From H.M. Consul, Newchwang,  
despatch No. 39 of 20/5/32.

Bandit[r]y and Piracy Newchwang  
Area.



ENCLOSURE IN No. 371

*Mr. Bristow (Newchwang) to Sir M. Lampson (Peking)*

*No. 39*

NEWCHWANG, May 20, 1932

Sir,

With reference to my despatches Nos. 26 and 27 of 12th and 13th April last<sup>1</sup> I have the honour to report that no effective measures have been taken to suppress the bandits or pirates at the mouth of the Liao River. The steamer 'Haishun' was only saved from piracy by an armed guard being placed on board after urgent representations had been made by the owners, but the bandits are still there, and the survey work by the Lower Liao Conservancy staff has had to be suspended in consequence.

2. After considerable agitation by the Conservancy Engineer fifty armed men were sent down in the large Conservancy tug, the 'Lichi,' on 17th April to the neighbourhood where the bandits were supposed to be, but the only result was that they were extremely sea-sick. As the Engineer-in-Chief remarked, 'they fortunately encountered no pirates', and obviously had no desire to do so.

3. On 27th April an 'inspection squad' were sent in the small Conservancy launch 'Hochi' to look for bandits, but reported none.

4. The Japanese are too busy protecting the railways to spare men for suppressing the smaller bandits. The following items are gathered mainly from press reports: On 17th March the Chinchow station was raided by 300-400 Chinese regular soldiers, and the train had to put back out of danger. On 1st April additional Japanese forces were sent to Suichung, between Chinchow and Shanhaikuan. On 9th April Tashihchiao station was attacked by bandits. On 26th April the Muro contingent at Chinchow was relieved by the Suzuki contingent from Tsitsihar. On 5th May three Japanese patrols were killed by a bomb near Koupangtzu and the arsenal was reported blown up. On 10th and 11th May there was an engagement at Ch'ienso, the station next to Shanhaikuan, between Chinese regulars and the Japanese forces. On 11th a Japanese detachment engaged 2000 bandits at Ssufangtai, south of Chinchsi. On 12th May bandits fought the Manchurian patrols near Haicheng on the main South Manchuria Railway line. On 13th a bomb was exploded on the main South Manchuria Railway line near the same place. On 15th a bandit gang at Yatzüshe in the same neighbourhood fought a Manchurian patrol of 100 men, who had to be reinforced with 500 more to drive them off.

5. The Japanese claim that they have evidence that Marshal Chang Hsueh-liang is organising much of this trouble. They allege that some of the slain at Ch'ienso wore arm badges of the Peiping garrison. They also assert that captured Chinese officers have definitely stated that they had received arms from the Chinese military inside the Wall.

I have, &c.,  
H. H. BRISTOW

<sup>1</sup> Not printed.

**No. 372**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 26, 9 a.m.)*

*No. 240 Telegraphic [F 4460/1/10]*

TOKYO, May 26, 1932, 1.15 p.m.

Your telegram No. 89.<sup>1</sup>

We are convinced that Japanese Government will not agree to discuss Manchuria with Shanghai and it appears that Chinese are determined not to discuss Shanghai without Manchuria.

Chance of Conference taking place seems therefore slender.

In these circumstances I have the honour to agree that our object should be to keep Japanese in play. If they are satisfied with developing their ideas at various capitals so much the better. Demilitarisation of Shanghai is the pet project of Yoshizawa and it is possible that new Minister for Foreign Affairs may attach less importance to it though no Japanese Government is likely to drop efforts to end official encouragement of boycott. This is what causes me some anxiety since it is impossible to foresee what kind of pressure Japanese Government may try to put on China if demilitarisation scheme is definitely abandoned.

I am keeping away from Ministry of Foreign Affairs in order to avoid further enquiries as to attitude of His Majesty's Government before change of personnel takes place.

I raised question yesterday with United States Chargé d'Affaires who agrees generally with above.<sup>2</sup> He has no instructions.

Repeated to Peking.

<sup>1</sup> See No. 366, note 6.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 43.

**No. 373**

*Sir R. Lindsay (Washington) to Sir J. Simon (Received May 27, 9.30 a.m.)*

*No. 234 Telegraphic [F 4467/451/10]*

WASHINGTON, May 26, 1932, 4.22 p.m.

Your telegram No. 257.<sup>1</sup>

I was asked at State Department today whether I had yet received any instructions. Can I expect them soon?

<sup>1</sup> i.e. the repetition to Washington of No. 344.

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 23)**No 278 [F 5011/40/23]*

Sir,

TOKYO, May 26, 1932

The murder of the Prime Minister and the other outrages of May 15th, reported in my despatch No. 271<sup>1</sup> of the 19th instant, have no modern precedent in this country. It is true that political assassinations have been fairly common of recent years and have never met in Japan with that condemnation which is usual in other civilized countries. But this is the first time that officers in uniform have taken part in a deliberate outbreak of violence against the constituted authorities, and it marks the culmination of an agitation which we know has been going on in the army for many months. At the same time, it is impossible to believe that the events of May 15th would have taken place had not the officers concerned been confident that they enjoyed the sympathy of a considerable mass of the population. It may be useful first to examine very shortly this aspect of the case.

2. As pointed out in paragraphs 57 and 58 of my annual report for 1931,<sup>2</sup> parliamentary government has been falling in public esteem for some years; and the access to power of the Seiyukai party last December, as the result of a party intrigue, was followed by an even more than usually irresponsible series of political actions. Although the position of the country was exceedingly serious, the Seiyukai leaders gave themselves up to boisterous rejoicings at having come into power and to an even more than usually heavy indulgence in those measures which, more or less customary on such occasions, have done much to discredit parliamentary government in Japan. Thus officials were changed wholesale, from the highest to the lowest, in order either to ensure success at the elections or to satisfy the aspirations of party adherents; and promises were made to the electorate which it was obviously impossible to fulfil. In these circumstances it was no surprise that the result of the elections,<sup>3</sup> while surpassing the hopes of the Party leaders, produced little interest in, and gave no satisfaction to, the country. Since that time the general public has had time to realise that the famous 'Inukai boom' will not materialise; and the Army have been further exasperated by the attempt, frustrated by General Araki, to remove Count Uchida from his position as President of the South Manchuria Railway.<sup>4</sup>

3. Such was the general atmosphere before the events of the 15th May; and it should be noted that, as regards the Army in particular, General Araki, the Minister for War, has played, as stated in paragraph 8 of my despatch No. 271, a very ambiguous part during the past few months. Nor has he been more explicit since the outrages took place. Whilst on the 20th May he appears to have delivered a speech to the divisional staff commanders on the lofty mission of the Army and the inadmissibility of groups of officers

<sup>1</sup> No. 357.<sup>2</sup> Not printed.<sup>3</sup> Elections for the Japanese House of Representatives were held on February 20, 1932; cf. Volume IX, No. 545.<sup>4</sup> Cf. No. 272.

taking action independent of orders received from above, he has, on at least one occasion, used language on the subject of the murder of the Prime Minister which seemed to outsiders, and was described by my French colleague, as scarcely decent. The question to which no definite answer has yet been found is whether this attitude is due to General Araki's sympathy with the policy of these young officers or whether he fears that it might provoke an even more serious state of affairs in the Army if he took such steps to restore discipline as seem to be absolutely necessary to foreign observers. Colonel Simson, Military Attaché to this Embassy, believes that, were the senior officers of any regiment to give the order for the arrest of any junior officers implicated in political agitation, that order would be unhesitatingly obeyed by the rank and file. It looks therefore as if these young officers must enjoy greater sympathy amongst the senior officers than has up to now been admitted. In any case, no active steps have, so far as is known, been taken against the actual perpetrators of the outrages of May 15th. They are believed to be under arrest and it has been announced that they will be tried by court-martial on the following counts:—

- (1) Murder,
- (2) Attempted murder,
- (3) Infringement of the regulations governing the control of explosives;

but it remains to be seen what will actually happen to them.

4. Not the least surprising part of the recent outrage was the fact that several junior officers of the Navy were implicated. The Navy has always been assumed to hold aloof from political agitation; and to have a less narrow and nationalist outlook on affairs in general than has the Army. This view is, I believe, justified; and it is worth reporting that the five junior Naval officers involved have been already placed on the unemployed list pending trial. Moreover, the Minister for the Navy has been categorical in his condemnation of political agitation in the Navy; and the veteran Admiral Togo, who is rarely before the public, has also condemned it roundly. And he showed what he meant by refusing himself to give any opinion on current politics since he did not consider it was becoming to a Naval officer.

5. With such a background, it will be readily understood that it was no easy matter to decide as to the Prime Minister who was to replace Mr. Inukai. On the one hand, constitutional practice pointed to the succession falling to the new Chief of the Seiyukai party. This was naturally the view of the party itself and the usual intrigues were quickly repressed in order to present a common front to the enemy. After the opposition of Mr. Tokonami's<sup>s</sup> friends had been overcome, Mr. Suzuki, the late Home Minister, was elected leader of the Seiyukai party and by implication future Prime Minister, should a parliamentary solution be found for the crisis. In support of this solution there was also the consideration that it would be a serious blow to any form of Parliamentary government if it was possible by murdering the Prime Minister to drive from power a party commanding a great and

<sup>s</sup> Mr. Tokonami had been Minister of Railways in the ministry of Mr. Inukai.

newly-elected majority in the Diet. Finally, Prince Saionji is noted for his devotion to the development of Parliamentary institutions in Japan and he could be counted upon to go as far as possible in this direction.

6. Considering the discredit attached to the political parties, I was rather surprised by the amount of support given to the candidature of Mr. Suzuki by a considerable section of the press.<sup>6</sup> But it soon transpired that General Araki was the real master of the situation and that he would not tolerate the formation of a purely Seiyukai Government. He and his fellow Generals have the power to prevent any government being formed by refusing to take part in it, since it is considered essential that a General should fill the post of Minister for War. Mr. Suzuki having been eliminated, the candidature of Baron Hiranuma came to the front. This gentleman is Vice-President of the Privy Council and President of the Koku-honsha, a reactionary society whose nationalistic doctrines were mentioned in my despatch No. 229<sup>7</sup> of the 27th ultimo. He was known to be *persona grata* to the Military and to be as hostile to the existing political parties as was the Army itself; and his supporters were for a day or two so sanguine of success that special telephones were installed in his house so that the Imperial Command should reach him without delay. It is worth recording in connexion with the name of Baron Hiranuma that the Soviet Ambassador, who has been watching the crisis with the utmost attention, expressed the opinion to a friend of mine that, if Baron Hiranuma were made Prime Minister, he would play the part of Kerenski<sup>8</sup> and prepare the way for a thoroughgoing revolution. M. Troyanovsky added that the position here now reminded him a good deal of that in Russia in 1905; but this comparison seems to me to require close examination before it can be accepted without great qualification.

7. While opinion was fluctuating in Tokyo as to the outcome of the crisis, Prince Saionji was sitting quietly in his villa at Okitsu and it was not until May 19th that he came to Tokyo.<sup>9</sup> A friend of mine who saw him driving from the station told me that his car was completely surrounded by soldiers and police, so that the authorities can have been far from satisfied that the chances of violence were over. During the next three days the last of the Genro received visits from practically all the leading statesmen of Japan, and it was evident that he, at least, appreciated the gravity of the decision he was called upon to make. Finally, on the afternoon of the 22nd it was announced that he had driven to The Palace and had advised The Emperor to appoint Admiral Saito as Prime Minister. As so often happens in Japan, and as I ventured to suggest in my telegram No. 236<sup>10</sup> of the 20th instant might hap-

<sup>6</sup> In a further despatch, No. 279 of even date, Sir F. Lindley summed up the attitude of the press as follows: 'The press as a whole, while deploring the death of the late Premier and the violent measures adopted to encompass it, does not disguise its disgust with the conditions of society, of which the incidents were merely a symptom, and with the corruption of political parties which prompted a group of young military and naval officers to take the law into their own hands.'

<sup>7</sup> Not printed.

<sup>8</sup> Prime Minister from July 25 to November 7, 1917, in the Provisional Government of Russia.

<sup>9</sup> Cf. No. 358.

<sup>10</sup> No. 358.

pen now, a middle course was followed; and both the champions of Parliamentary government, with Mr. Suzuki at their head, and the enthusiasts for dictatorial rule, with the Army and Baron Hiranuma in the van, were equally disappointed. The choice had fallen on an ex-Naval officer who commanded the respect of all parties and who had given proofs of statesmanship and moderation in many fields. When I saw him a few weeks ago at the Palace on the occasion of The Emperor's birthday, he struck me as a very old man even for his 74 years; and it is known that he has had a slight stroke from which he has recovered. That it should have been considered necessary to choose him in spite of these disabilities is at once a tribute to his eminence and a confession of the poverty of the land in statesmen of the first class.

8. The new Prime Minister is at present busy collecting his Cabinet and, until he has done so, it is premature for me to report on its constitution or its future policy.<sup>11</sup> It is sufficient here to say that, as regards the latter, it is quite impossible for any government to fulfil the hopes that have been raised in many quarters as to the efficacy of governmental measures to relieve distress. Nor is it easy to see how a government under Admiral Saito will give greater satisfaction to the Army than did the late Seiyukai Government with General Araki as Minister for War with the last word. It seems to me that the really important question is whether the new Government will deal with political agitation in the Army. If it does not put a stop to it once and for all now, it is difficult to believe that this country can escape a period of confusion which may quite possibly end in the fulfilment of M. Troyanovsky's hopes. The programme of the young officers and their agrarian friends, which formed the enclosure to my despatch No. 271<sup>12</sup> of the 19th ultimo, will be seen to satisfy the most exacting revolutionary, except for the single point that it proposes to retain The Emperor as part of the governmental machinery. That this anachronism would long survive the putting into force of the rest of the programme, no one with any political experience will admit as possible; and the continued tolerance of agitation on these lines within the Army seems to me, at any rate, to be incompatible with any form of orderly government.

9. Before closing this long despatch, it may be well to touch on the international repercussions of the internal political crisis through which Japan is passing. Justified fears have been expressed in some, and probably felt in far more, quarters lest Japan should be emerging from a period of stagnation and be entering upon an era of military conquests and expansion. I have felt those fears myself though, as I have had the honour to suggest with perhaps undue pertinacity, their realisation was unlikely provided foreign Powers abstained from any action, however justified, which gave the Military Party the chance of whipping up the latent xenophobia and super-patriotism of the Japanese.

<sup>11</sup> In telegram No. 241 of May 26 Sir F. Lindley reported that the Cabinet had been formed and that General Saito would himself take charge of the Ministry of Foreign Affairs; General Araki would continue as War Minister. Sir F. Lindley said: 'Other members are drawn from the political parties and from outside. Cabinet is emphatically not one of all the talents.'

<sup>12</sup> See note 1.

We have always held here that the Japanese Military Party would probably hang themselves if given enough rope, and that, in any case, no-one else was in a position to act as hangman. It is too early yet to say definitely that the first of these opinions has been justified; but I have the impression that the events of the last fortnight should go some way to allay fears of unlimited Japanese aggression. It seems to me that, since the Shanghai fiasco, the Japanese Militarists have been on the defensive. There is no longer to be found that nation-wide enthusiasm for the Army which characterised the days of conflict with the League of Nations at Geneva and of the presentation of Ambassadorial Notes at Tokyo. General Araki does his best to keep it at white heat, but it is a hopeless task unless the Powers man the bellows.

10. It has been suggested in some quarters that the Military, seeing the disillusionment which is obviously accompanying the inevitable failure of the Manchurian adventure to bring immediate prosperity to Japan, may embark on a new adventure against Russia. So long as Admiral Saito is Prime Minister such a development is inconceivable; and, even were he and his Government swept aside, I doubt whether the country would allow itself to be dragged along such a dangerous path.<sup>13</sup> Count Makino expressed himself strongly in this sense to a colleague of mine a few days after the murder of the Prime Minister. He pointed out that the situation had nothing in common with that of 1904, when the whole nation was convinced that a victory over Russia was necessary to the future existence of Japan. It was in 1932 obvious to every Japanese that a war against Russia was entirely uncalled for. Even if this view is correct it does not follow that the Military might not involve the country in some adventure which would end in disaster through lack of national support; but the principal danger to British interests, for the moment, seems rather to lie in the possibility of Japan falling into disorder and ceasing to exercise that stabilising influence in the Far East which was a healthy factor before last September. Let us hope that Admiral Saito will be equal to his task.

A copy of this despatch has been sent to His Majesty's Government in the Commonwealth of Australia.<sup>14</sup>

I have, &c.,  
F. O. LINDLEY

<sup>13</sup> Sir F. Lindley's despatch No. 309 of June 9 to the Foreign Office (received July 11) gave details of the budget speech to the Diet of the Minister of Finance, Mr. Takahashi, on June 3. It called attention to a large deficit resulting from a falling yield of taxation and heavy new expenditure. The estimated yield of taxation for the fiscal year was about 700 million yen. The cost of the two undertakings in Shanghai and Manchuria was estimated at about 250 million yen for the period April 1932-January 1933, and perhaps 300 million yen for the complete fiscal year. 'Even the most confirmed militarists in Japan must surely begin to feel uneasy when they realise that in one year they have spent nearly half the nation's taxes upon undertakings from which there is no visible return.'

<sup>14</sup> This despatch was initialed on June 30 by Sir V. Wellesley, and minuted as follows by Sir R. Vansittart and Mr. Eden:

'Very interesting & illuminating. R. V. July 1'  
'—& discomfoting. A. E. July 5th.'

No. 375

*Record by Mr. MacKillop of a conversation with Dr. Chen*  
[F 4561/1/10]

FOREIGN OFFICE, May 26, 1932

*Sino-Japanese Dispute.*

The Chinese Chargé d'Affaires called to-day and said that his Govt. wished to express their admiration of and gratitude for Sir Miles Lampson's good offices in the recent negotiations at Shanghai, the successful outcome of which they regarded as being largely due to Sir Miles' indefatigable energy and negotiating skill. He left with me a copy of the telegram he had received from his Govt. which is submitted herewith.<sup>1</sup>

I thanked Dr. Chen for this communication, the contents of which I said wd. I feel sure be greatly appreciated.

Dr. Chen went on to ask what the information was in our possession concerning the projected Round Table Conference. I referred him to the reply returned in the House of Commons on the 26th May<sup>2</sup> which summarized the position as known to us and stated H.M. Govt.'s attitude. Dr. Chen said that his Govt. wd. no doubt attach special importance to the statement that it wd. be impossible to hold any such conference without the participation of the Chinese Govt. I remarked that the answer was quite specific on this point.

D. MACKILLOP

<sup>1</sup> Not printed.

<sup>2</sup> 266 *H.C. Deb.* 5 s., col. 558.

No. 376

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 27, 9.30 a.m.)*  
*No. 242 Telegraphic [F 4469/2362/10]*

TOKYO, May 27, 1932, 1.5 p.m.

Your telegram No. 91.<sup>1</sup>

As reported in my despatch No. 6 Overseas Trade A of May 11th<sup>2</sup> Commercial Counsellor was recently informed by Ministry of Foreign Affairs that loan was made privately and I have no reason to doubt this.<sup>3</sup>

<sup>1</sup> This telegram of May 26 asked for information about the Japanese loan to Manchuria; cf. No. 217, note 4.

<sup>2</sup> Not printed.

<sup>3</sup> Following a further telegram from the Foreign Office, No. 92, despatched on May 27 at 7 p.m., which asked whether the loan was made by banks or as a personal credit, Sir F. Lindley replied in telegram No. 244 of May 28 (despatched 10.50 a.m., received 9.30 a.m.): 'Commercial Counsellor was informed that loan was made privately and personally by heads of two families and not by banks.'



No. 377

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received May 27, 9.30 a.m.)*

*No. 243 Telegraphic [F 4483/1/10]*

TOKYO, May 27, 1932, 3.10 p.m.

My telegram No. 240.<sup>1</sup>

United States Chargé d'Affaires has now received the views of his Government<sup>2</sup> on lines given in your telegram No. 81.<sup>3</sup>

Both United States Chargé d'Affaires and I consider general conference under Nine Power Treaty at this time would be a hazardous enterprise likely to generate much heat without producing any useful result. French Ambassador entirely agrees with us.

In any case we must wait till new Minister for Foreign Affairs is installed here and United States Chargé d'Affaires is instructed to take no action pending further instructions.<sup>4</sup>

Repeated to Peking.

<sup>1</sup> No. 372.

<sup>2</sup> See *F.R.U.S.* 1932, vol. iv, pp. 40-41.

<sup>3</sup> It was suggested on the filed copy that the reference should be to Foreign Office telegram No. 89; see No. 366, note 6.

<sup>4</sup> Mr. G. Mounsey, an Assistant Under-Secretary of State, minuted: 'I have gathered from conversations with the French and Italian ambassadors that both their Governm[en]ts share our view generally, and more particularly (1) as to the awkwardness of the Japanese démarche and (2) as to the impossibility of keeping the Chinese out of any discussions about Shanghai. G. M. 27.5.32.'

No. 378

*Sir J. Simon to Sir R. Lindsay (Washington)*

*No. 276 Telegraphic [F 4467/451/10]*

FOREIGN OFFICE, May 27, 1932, 7 p.m.

Your telegram No. 234<sup>1</sup> (of 26th May. Manchurian Customs and Salt Gabelle).

Next step lies with United States Government, no reply having yet been received to my letter to Mr. Stimson of 30th April.<sup>2</sup> I am seeing United States Ambassador on Monday<sup>3</sup> and he may then convey reply.

<sup>1</sup> No. 373.

<sup>2</sup> No. 301.

<sup>3</sup> May 30.

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 24)**No. 282 [F 5051/40/23]*

TOKYO, May 27, 1932

Sir,

In continuation of my despatch No. 278<sup>1</sup> and in confirmation of my telegram No. 241<sup>2</sup> both of yesterday's date, I have the honour to report that Admiral Viscount Saito succeeded in forming a Cabinet yesterday; though the Ministry of Foreign Affairs has not yet been allotted and will be occupied temporarily by the Prime Minister himself. I have the honour to enclose herewith a list of the new Ministers with short sketches of their careers and Party affiliations.<sup>3</sup>

2. It will be seen that the Cabinet is a somewhat heterogeneous collection of individuals drawn from the two great political parties and from the outside; and it is interesting to observe that the Minseito, which a few months ago was crushingly defeated at the General Election, has nearly as many sympathisers in the new Government as the Seiyukai. But the most noticeable feature of the Cabinet is the absence from it of the principal party leaders themselves. It is known that Admiral Saito offered portfolios both to Mr. Suzuki, President of the Seiyukai, and to Baron Wakatsuki, Chief of the Minseito; but these leaders, whilst promising to give the new Government their general support, refused to take office. Nor is Mr. Adachi, the dissentient leader of a Minseito faction and a very influential Party man, to be found on the List. The absence of the most prominent Party politicians has naturally given rise to the belief that they have no faith in the success of the Saito experiment; and that they are reserving themselves for future occasions.

3. The most controversial figure in the Cabinet is General Araki who retains the Ministry of War. By every standard of Japanese conduct, and even by the less formal standards prevalent in European countries, the General should have insisted on resignation after the murder of the Prime Minister by a number of youths for whose conduct he was responsible. He was severely criticised for retaining office after the bomb was thrown at The Emperor last January; though his responsibility was then only technically involved. Yet he, who is never tired of proclaiming his faith in the virtues of old Japan, is still Minister of War. That he realises that his conduct requires explanation is shown by a speech he is reported to have made yesterday of which a translation is enclosed.<sup>3</sup> This hysterical outburst will do little to reassure those who consider that the most important task of the new Government is to restore discipline in the Army. The most plausible explanation of the retention of General Araki is that no other officer of the required rank would accept the post. Thus General Hayashi declined categorically and has succeeded General Muto as Inspector-General of Military Training. At the same time this officer expressed himself in no uncertain way on the subject of Army discipline; and it is conjectured that his attitude and that of his

<sup>1</sup> No. 374.<sup>2</sup> See *ibid.*, note 11.<sup>3</sup> Not printed.

fellow Generals towards the Minister of War may be expressed as: 'You got us into this mess and you must get us out of it.' There is no reason to suppose that he will succeed.

4. There has, naturally, been much conjecture as to the personality of the new Minister for Foreign Affairs. No-one even suggested that Mr. Yoshizawa should retain the post for which he vacated his comfortable Embassy at Paris only a few months ago.<sup>4</sup> It is thought by the more cynical that he made a bid for the favour of the Military in an interview which he recently gave to Mr. Frazier Hunt, an American representative of the Hearst papers. A report from the 'Japan Advertiser' of May 20th of this interview is enclosed.<sup>5</sup> It is of interest both because it emphasises over again the determination of Japan not to tolerate outside interference in Manchuria and because it is the swan-song of a man on whom was focussed the attention of the world during a critical period. Personally, I shall regret the disappearance of Mr. Yoshizawa from the scene. He was an interesting study and had some admirable qualities to balance his defects. His successor may well be Count Uchida, President of the South Manchuria Railway.

5. The new Cabinet will develop its programme when it meets the Diet in a few days' time. My own impression is that Admiral Saito will devote most of his attention to attempting to remedy some of the most glaring abuses of Party government in this country. In this he may well achieve a considerable measure of success which will strengthen his Government. But he can only disappoint the very considerable mass who seem to believe that a government is able, if willing, to make them individually rich. Should his Government fall, it is difficult to see what combination could take its place. The Army has shown that it is, at present at any rate, able to make Party government impossible; and the formation of a second combination under another outside Prime Minister would meet with most formidable difficulties. The alternative of some form of Dictatorship would fill all well-wishers of Japan with profound misgivings.

A copy of this despatch has been sent to His Majesty's Government in the Commonwealth of Australia.

I have, &c.,  
F. O. LINDLEY

<sup>4</sup> Cf. No. 362.

<sup>5</sup> Not printed.

### No. 380

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 23)*

*No. 284 [F 5002/27/10]*

TOKYO, May 27, 1932

Sir,

With reference to my despatch No. 245<sup>1</sup> of the 5th May, I have the honour to transmit herewith a memorandum drawn up by Mr. Snow, Counsellor of

<sup>1</sup> Not printed.

this Embassy, of conversations which he has had with Mr. Tani, chief of the Asiatic Bureau of the Gaimusho, on the subject of the communist movement in China and the future prospects in Manchuria. The possible results of disappointment regarding this latter question were mentioned in paragraph 10 of my despatch No. 278<sup>2</sup> of yesterday's date. A pamphlet on the subject of the Chinese Communist Party and the Soviet Russian activities, drawn up by the Gaimusho, is also enclosed.<sup>3</sup>

2. Both my French Colleague and I have been struck by the frequent references made to us during the last month or two by Mr. Yoshizawa to the spread of communism in China; and Count de Martel informs me that the position in the province of Fukien seems to be the principal cause of anxiety to the Japanese Foreign Office. It will be within your recollection that Japan at one time had considerable ambitions in this province and it is just possible that these ambitions have not been altogether renounced.

I have, &c.,

F. O. LINDLEY

<sup>2</sup> No. 374.

<sup>3</sup> This pamphlet (34 pages) was a proof copy, dated 'Tokyo, February 1932' of Appendix A3 *Communism in China* of the document, prepared by the Japanese Government for the Lytton Commission, entitled *The Present Condition of China*.

ENCLOSURE\* IN NO. 380

*Very confidential*

TOKYO, May 27, 1932

JAPAN AND RUSSIA

*Memorandum on Two Recent Conversations at the Japanese Foreign Office*

On the 5th May I saw Mr. Tani, chief of the Asiatic Bureau of the Japanese Foreign Office, about certain other matters, and Mr. Tani, after speaking about the situation at Amoy, said that the growth of communism in China was causing very serious anxiety to the Japanese Government. He went on to speak of the efforts made by Sir Miles Lampson to arrange a settlement of the Shanghai dispute, and said that he hoped that this would only be the prelude to Anglo-Japanese co-operation on an extended scale. He then remarked that he supposed the whole world could be divided up into Bolsheviks and anti-Bolsheviks. The inference from this conversation seemed to be that Mr. Tani hoped that Japan would be able to bank at any rate on British sympathy, if she started some kind of anti-Bolshevik campaign. I asked what information Mr. Tani had of Communist activities in China, and he stated that a pamphlet on this subject was being prepared (I gathered for the information of Lord Lytton's Commission) and that he would let me have an advance copy. A copy of this pamphlet is attached.<sup>3</sup> It will be seen that, for whatever reason, the Japanese Government have evidently been to very considerable pains in preparing it.

On the 18th May, i.e., three days after the assassination of Mr. Inukai, I again paid a visit on other business to Mr. Tani, who, after leading

conversation to the subject of Manchuria, observed that the Japanese Government had received a very disappointing report on Japanese prospects in that country from Mr. Tanaka, who (as mentioned in Tokyo despatch No. 175<sup>4</sup> of the 31st March last) left Tokyo for Manchuria on the 23rd March to make a two-months' tour of inspection. Mr. Tani, who asked whether I had heard of the report, said that he was very anxious as to what would happen when it was generally known among the Japanese public that prospects in Manchuria were much less promising than they had been made out to be by military circles. He said he feared that in that event, sooner than admit that their previous actions were culminating in a failure, it would prove impossible to restrain the military hotheads from launching some adventure against Soviet Russia in the hope of winning a success by which to justify themselves before the public. Besides, any admission of the failure of Japan's recent policy in Manchuria would also produce reactions in Korea, which it would be better to avoid. Mr. Tani then went on once more to speak of his hopes of close Anglo-Japanese co-operation. To what extent Mr. Tani was right or wrong in his estimate of the probable actions of the advanced military group is perhaps a hypothetic question—i.e., the answer will only be known if and when the latter group come into full control of affairs. Since Mr. Tani spoke to me, the possibility of this happening has receded (27th May). Nevertheless, I fancy the above conversations are worth placing on record.

I would add that though I have had many conversations with Mr. Tani during the last six months, the 18th May was the first occasion on which he overtly avowed any misgivings as to the wisdom of the course which the army have been pursuing. In regard to Mr. Tani's motive in communicating these misgivings, three reasons may be suggested: Firstly, Mr. Tani, in common with many others, had, no doubt, been shaken by the assassination of the Premier by a military group and did not know what might be the consequences. Secondly, he had before him Mr. Tanaka's report. Mr. Tanaka, who was recently Japanese Ambassador at Moscow, had before that been head of the Commercial Bureau in the Foreign Office, and is considered in Foreign Office quarters to be a shrewd judge, and also a realistic and practical man; his report must, no doubt, have produced a considerable impression on Mr. Tani. Thirdly, I fancy Mr. Tani may possibly have been anxious to test reactions as to the idea of a united Anglo-Japanese front against bolshevism. In the latter connexion, I ought to add that, in reply, I expressed the hope that Mr. Tani's forebodings were exaggerated; I also intimated that as far as British sympathy was concerned, it could only be alienated so long as British subjects received the treatment which appeared to have been meted out recently to Mr. Shaw<sup>5</sup> and as long as practices such

<sup>4</sup> Not printed. Mr. Tokichi Tanaka had been Japanese Ambassador at Moscow from July 1925 to August 30; cf. the following paragraph.

<sup>5</sup> Mr. G. L. Shaw, a British merchant and shipowner resident at Antung (cf. First Series, Volume XIV, e.g. Nos. 98, 145, 157, 210) had recently protested against interference by the Japanese authorities in Korea with the sailing of his vessels on the river Yalu.

as the smuggling at Antung<sup>6</sup> were allowed to continue. While informing Mr. Tani that I had not heard of Mr. Tanaka's report, I mentioned that I had heard that a body of Osaka business men, who had recently returned (as reported in the enclosure to Tokyo despatch No. 266 of the 18th May)<sup>7</sup> from a tour of investigation in Manchuria, had been rather despondent as to present opportunities in that country. I said that, supposing Manchuria were in fact the rich country it had been made out to be, the situation might still present certain elements of a dilemma. What would happen if the stated Japanese objectives were fully gained and Koreans and Japanese were at complete liberty to settle in Manchuria, to farm, grow rice and grain, to engage in mining and to set up industrial enterprises? Some indication of the answer might perhaps be found in the history of the famous Fushun colliery in Manchuria, over which Japanese interests already exercised full control.<sup>8</sup> What had been the result? The colliery produced between 5 and 10 million tons a year of cheap and excellent coal. But the Kyushu colliery owners had protested against its entry into Japan, which they said would involve them in ruin. In consequence a quota of 1½ million tons a year was at present all that might be imported into Japan; the balance was available at cheap rates for Japan's industrial competitors. Similarly, Japanese farmers, for whose welfare the advanced military group were so solicitous, already complained equally bitterly of the competition from rice grown in Korea and Formosa, while strong opposition to the erection of manufactories in Kwantung and elsewhere employing Manchurian labour was, notoriously and for the same reasons, encountered in the Japanese quarters concerned. Mr. Tani seemed quite to agree with these observations, but, he said, it would be unsafe to make such views public, as they would be 'too disappointing.'

T. M. SNOW

<sup>6</sup> Cf. No. 204, note 6.

<sup>8</sup> Cf. No. 204, enclosure, paragraph 24.

<sup>7</sup> Not printed.

### No. 381

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 24)*

*No. 285 [F 5045/369/23]*

TOKYO, May 28, 1932

Sir,

In paragraph 9 of my despatch No. 47<sup>1</sup> Confidential of the 25th January last, I reported the then existing position regarding the desire of the Soviet Government to conclude a pact of non-aggression with Japan. After a period of silence on this subject, the Press has again begun to mention it during the last few days and I have the impression that the Soviet Ambassador may put it forward as soon as the new Minister for Foreign Affairs is installed here, if,

<sup>1</sup> Volume IX, No. 115.

indeed, he has not already mentioned it to Admiral Saito. In this connection it is worth reporting that the Admiral is President of the Russo-Japanese Society and is known to be on friendly personal terms with Mr. Troyanovsky. It does not seem to me impossible therefore that, if the Soviet Government still attach importance to the signature of a pact, such an instrument may be signed. I have up to now nothing definite upon which to go but I hope within the next few days to be able to report with more authority on the subject.

I have, &c.,

F. O. LINDLEY

No. 382

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 23)*

*No. 286 [F 5003/1/10]*

TOKYO, May 28, 1932

Sir,

The meeting between the Minister for Foreign Affairs and the four Ambassadors at which the former made proposals for holding a preliminary conference at Tokyo without the Chinese to discuss the Shanghai Conference, which I had the honour to report in my despatch No. 263<sup>1</sup> of the 14th instant, was held not at the Ministry for Foreign Affairs but at the official residence of the Minister, in order to avoid the attention of the Press-men who haunt the Gaimusho. In spite of these precautions, the Tokyo 'Nichi Nichi' published next morning a fairly accurate account of the proposals and thus gave a warning to the Chinese of what was in the air. The leakage, the source of which has not yet been divulged, caused the Minister for Foreign Affairs acute annoyance and compromised his whole plan of campaign from the start. It will be seen therefore that it was not on this occasion, as was naturally surmised by Sir Miles Lampson, a case of considered indiscretion on the part of Mr. Shiratori of the Press Bureau.<sup>2</sup>

2. On the day following our meeting the murder of the Prime Minister took place, and it became at once obvious that no progress could be made for some considerable period. This was, perhaps, the only fortunate consequence of an abominable crime; since it gave the Governments concerned time to consider the matter at their leisure. In your telegram No. 89<sup>3</sup> of the 24th instant, you were good enough to express your views on the report of this interview which I had forwarded to you in my telegrams Nos. 230 and 231.<sup>4</sup> As soon as I received the above-mentioned telegram I called on the American Chargé d'Affaires and discussed it with him. I found that Mr. Neville had not yet received any expression of the views of his Government and we had to discuss the question without the advantage of knowing exactly what Colonel Stimson thought. We came to the conclusion that, since the Japanese Government would not agree to discuss Manchuria in connection with Shanghai and the Chinese would not discuss Shanghai without bringing

<sup>1</sup> See No. 342, notes 2-6.

<sup>2</sup> Cf. No. 351, note 5.

<sup>3</sup> See No. 366, note 6.

<sup>4</sup> Nos. 342 and 343.

in Manchuria, the chance of a full conference ever taking place was slight. In these circumstances we agreed further that our object should be, as indicated by yourself, to keep the Japanese in play in order that they should not have any excuse for going ahead on their own lines. If they were satisfied to explain their ideas at various capitals instead of holding a limited conference at Tokyo, so much the better. In any case the demilitarisation of Shanghai was a pet project of Mr. Yoshizawa himself and his departure from the Ministry might conceivably lead to its being dropped. At the same time the boycott was still hitting the Japanese very hard and there was always the danger that, if the demilitarisation of Shanghai were dropped, the Japanese might find some other equally objectionable manner of bringing pressure to bear on the Chinese with the object of putting an end to the official side of the boycott.

3. Yesterday the American Chargé d'Affaires rang me up to say that he had received a telegram from Washington on the subject of the Shanghai conference,<sup>5</sup> and I at once went round to see him. I found that Colonel Stimson's views, as explained to the American representative here, were identical with those set forth in his conversation with yourself at Geneva and reported in your telegram No. 89.<sup>6</sup> Mr. Neville and I discussed the question again at great length, especially with regard to Colonel Stimson's apparent desire to turn the Shanghai Conference into a conference to consider the whole question of the Nine Power Treaty. We agreed that such a conference at the present moment opened up a disquieting perspective. While on the one hand it was bound to raise a great deal of heat in Japan and to strengthen the Military party here, it seemed difficult on the other hand to see how any result acceptable to the Powers could be obtained without resort to more drastic pressure than any of them were prepared to exert.

4. I thought that the time had now come to enquire the opinion of the French Ambassador, and I called upon him yesterday after leaving Mr. Neville. He read me a telegram from his Government which showed that the French Government agreed generally with the views expressed by yourself regarding the inadvisability of holding any restricted conference in Tokyo; and Count de Martel informed me that he had already dropped a hint unofficially to the new Vice-Minister for Foreign Affairs in this sense. As regards a conference on the wide lines suggested by Colonel Stimson, Count de Martel expressed himself strongly regarding the inadvisability of holding such a conference at the present time. Like Mr. Neville and myself, he did not see how it could improve the position.

5. It seems to me, if I may say so, that we should do well to keep the Shanghai Conference, and the wider issues raised by a consideration of the Nine Power Treaty, entirely separate. As far as one can judge, the Shanghai Conference is dead and the question of raising the Nine Power Treaty should be considered entirely on its merits. The reasons which seem to me to make it inadvisable to bring it up now are the following. Firstly, it would undoubtedly give the Military party here a new lease of life since they would

<sup>5</sup> Cf. No. 377.

<sup>6</sup> See note 3 above.



be able to represent Japan as being thwarted in her legitimate development by the selfishness of the Powers. Secondly, affairs in Manchuria are not going at all well for the Japanese, as reported in paragraph 10 of my despatch No. 278<sup>7</sup> of yesterday's date. Disillusionment as to the results of a positive policy in Manchuria has already begun to spread; and it is already realised in well-informed quarters that, whether the occupation in Manchuria eventually brings great advantages to the country or not, it cannot alleviate but must probably aggravate the existing financial and economic difficulties of Japan. A realisation of these facts is bound to grow as the summer advances and I do not think it impossible that, when autumn comes, we may find the Japanese Government in a far more reasonable mood than they are at present and that they may be ready and even anxious to discuss the Manchurian problem with the Powers and with the Chinese. It is true that this is only a conjecture and there is always the other possibility that the Military party, exasperated by the brigandage campaign which they believe is being directed by the Young Marshal from Peking, may take the bit between their teeth and find some plausible excuse for occupying Tientsin and the Northern capital. But I submit that this disagreeable possibility is less likely to be realised if we leave the Japanese alone for the time being than if we give the Military party the advantage of being able to pose before the country as the saviours of Japan. On balance I do not think it is doubtful that our best course is to wait on events.

I have, &c.,  
F. O. LINDLEY

<sup>7</sup> No. 374.

### No. 383

*Mr. Ingram (Peking) to Sir J. Simon (Received May 30, 9 p.m.)*

*No. 301 Telegraphic: by wireless [F 4559/451/10]*

PEKING, May 29, 1932

Following received from Harbin No. 64 of May 28th.

Begins.

Following from Sir M. Lampson.<sup>1</sup>

Commissioner of Customs has telegraphed today (May 28th) to Inspector General of Customs reporting press statement issued by chief secretary of Manchurian government that the taking over of the customs will be effected within a few days and that thereafter revenue collections will be included in receipts of Manchurian government.

2. If the above threat is carried out, according to his standing instructions Commissioner will refuse to hand over and only yield to force majeure.

3. I have told him I would inform you of the above and that doubtless you would consult Inspector General of Customs as to what action could, if

<sup>1</sup> Sir M. Lampson was on his way home on leave via Siberia.

report proves correct, be usefully taken either at Tokyo or elsewhere.<sup>2</sup> At the same time I informed him that what seemed to me really important was at all costs to preserve integrity of customs administration even if it meant turning blind eye to glaring irregularities, and that I believe[?d] Inspector General of Customs held the same view.

Ends.

<sup>2</sup> In his telegram No. 81 of May 29 to Shanghai (repeated by wireless as No. 302 to the Foreign Office, received 6.40 p.m. on May 29) Mr. Ingram instructed Mr. Brennan to consult Sir F. Maze confidentially.

**No. 384**

*Sir J. Simon to Sir R. Lindsay (Washington)*

*No. 746 [F 4628/451/10]*

FOREIGN OFFICE, *May 30, 1932*

Sir,

When I saw Mr. Stimson at Geneva in April we had some discussion on the independence movement in Manchuria and the action which we might be disposed to take in regard to it, and I explained to him the reasons why we had not been willing to make the treatment of Chinese customs in Manchuria the ground of representation or protest. But I had added that recent news about the treatment of the salt gabelle seemed to indicate a change which really did involve a breach in administrative integrity in that respect. Consequently, I suggested for Mr. Stimson's consideration that if reservations and objections were to be registered as he had been disposed to suggest, the salt gabelle might give a better basis than Chinese customs.<sup>1</sup>

Mr. Mellon, accompanied by Mr. Atherton, saw me to-day on the Far Eastern affairs and read to me the substance of a telegram that had been received from Mr. Stimson.<sup>2</sup> This question was one of the points mentioned, and I was asked whether we had reached a conclusion as to action to be taken. I said that, upon further examination, the salt gabelle appeared to give a very narrow ground for protest, as, owing to previous action by the Chinese Government, our interests in its administration were not so direct and important as they used to be. This had made me doubt whether what I had mentioned at Geneva to Mr. Stimson would be regarded as the best course. The Ambassador said that Mr. Stimson would like a note on the subject expressing our considered views and I promised that it should be prepared and supplied.

I am, &c.,  
JOHN SIMON

<sup>1</sup> See No. 301.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 46-47.

*Sir J. Simon to Sir R. Lindsay (Washington)**No. 754 [F 4643/1/10]*

FOREIGN OFFICE, May 30, 1932

Sir,

Mr. Mellon came with Mr. Atherton to-day with a further communication from Mr. Stimson about the Japanese proposal for a five-Power conference at Tokyo to be held in the absence of China to discuss methods of securing permanent peace in the Shanghai region. We had already conferred on the subject, as recorded in my despatch of the 23rd May.<sup>1</sup> We went over various points, most of which had been previously discussed between us, in the light of Mr. Stimson's latest telegram, the substance of which Mr. Atherton read to me. It emerged that we were in substantial agreement on the following points:—<sup>2</sup>

- (1) It is impossible to turn down definitely the Japanese Foreign Minister's proposal of the 13th May.
- (2) The calling of a formal conference without China is to be deprecated for reasons already stated.
- (3) For similar reasons Tokyo would not seem to be the best place for a conference.
- (4) The best course would be to invite the Japanese Government to develop their ideas and carry on further conversations through the Japanese Ambassadors in the four foreign capitals concerned, thereby avoiding wounding Chinese susceptibilities so far as possible.

I said that I should take an early opportunity of informing the French and Italian Governments that this was the course of action which commended itself to us. Mr. Stimson agrees with it and will instruct the United States Ambassador accordingly.<sup>3</sup> Assuming that the French and Italian Governments agree with us, we arranged that it should be left to the four representatives at Tokyo to decide whether they would see the Japanese Foreign Minister jointly and make this suggestion or whether they would interview him separately.

I referred to the suggestion previously made by Mr. Stimson that any discussion should be enlarged so as to cover Manchuria as well as Shanghai, and repeated to Mr. Mellon my view that it was very improbable that Japan would be willing to give this extension to the subject-matter. I pointed out that we now had information that the United States Ambassador [*sic*] at Tokyo had agreed with Sir F. Lindley that the holding at present of a general conference under the Nine-Power Treaty would be undesirable.<sup>4</sup> I added that while we were at all times anxious to co-operate with the American Government, we also had to keep constantly before our mind co-operation

<sup>1</sup> No. 366.<sup>2</sup> See *F.R.U.S.* 1932, vol. iv, p. 48.<sup>3</sup> For these instructions to Mr. Neville, the U.S. Chargé d'Affaires at Tokyo, see *ibid.*, pp. 48-49.<sup>4</sup> See No. 377.

as a member of the League of Nations. The League had sent its commission to the Far East, and this commission included an American member. It was now conducting its enquiries about Manchuria on the spot and in due course would complete its report. This would seem to be the occasion when Anglo-American association could be combined with the British position as a member of the League.<sup>5</sup>

I am, &c.,  
JOHN SIMON

<sup>5</sup> Following this interview, Mr. Atherton gave the Foreign Office (as previously agreed between Sir J. Simon and Mr. Mellon) a draft of the U.S. Ambassador's proposed cable to Washington dealing with the conversations. This is almost identical with Mr. Mellon's telegram of May 31 printed in *F.R.U.S. 1932*, vol. iv, pp. 47-48, except for the following additional paragraph at the end of point 5: 'Assuming that discussions are only about Shanghai; Sir John expressed to me in parting the doubt as to whether there was any advantage in encouraging Japan to make a series of new proposals since possibly the best solution of the Shanghai problem lay in an early return to the *status quo*.' The Foreign Office asked for its deletion as it 'does not quite represent the idea that Sir John was trying to express'.

#### No. 386

*Sir J. Simon to Sir F. Lindley (Tokyo)*  
*No. 94 Telegraphic: by wireless [F 4454/451/10]*

FOREIGN OFFICE, May 31, 1932, 5.30 p.m.

Peking despatch No. 461<sup>1</sup> (of the 21st April).

Please take suitable opportunity of calling attention of Minister for Foreign Affairs privately to this matter as in the case of Antung referred to in your telegram No. 182<sup>2</sup> (of the 28th March).

Repeated to Peking No. 105.<sup>3</sup>

<sup>1</sup> This despatch, received May 26, transmitted to the Foreign Office a copy of Newchwang despatch No. 28 of April 14 to Peking relating to smuggling into Manchuria from Dairen and the Kwantung Leased Territory; cf. No. 337, note 2.

<sup>2</sup> See No. 204, note 6.

<sup>3</sup> In reply to this telegram Sir F. Lindley said (in telegram No. 251 of June 6, received 1.30 p.m.) that, after ascertaining that smuggling was still in full swing, he spoke to the Vice-Minister for Foreign Affairs who replied that the matter would be taken up at once.

#### No. 387

*Mr. Brennan (Shanghai) to Mr. Ingram (Peking)*  
*No. 136<sup>1</sup> Telegraphic [F 4592/1/10]*

My telegram No. 130.<sup>2</sup>

SHANGHAI, May 31, 1932

Captain Wilson Brand's<sup>3</sup> report.

<sup>1</sup> Repeated by wireless as No. 65 to the Foreign Office (received at 9 a.m. on June 1).

<sup>2</sup> This telegram to Peking does not appear to have been repeated to the Foreign Office.

<sup>3</sup> Captain Wilson Brand had succeeded Colonel Badham-Thornhill as British military representative on the joint commission constituted by the agreement of May 5.

Japanese completing evacuation of all army units from Shanghai area today.

Number 2 (Kiangwan) area was evacuated by Japanese by May 29th but numbers 1, 3 and 4 areas are being held by gendarmerie and naval landing parties. Strength of these forces given by Japanese as slightly over 2,000. In addition to areas given above Japanese still occupy, east of area 4, Chinese territory not included by agreement in the 4 zones.

Repeated to Mission and Foreign Office.

#### No. 388

*Mr. Brenan (Shanghai) to Mr. Ingram (Peking).*

*No. 137<sup>1</sup> Telegraphic [F 4572/451/10]*

Your telegram No. 81.<sup>2</sup>

SHANGHAI, May 31, 1932

Inspector-General of Customs agrees that maintenance of customs administration and preservation of existing inspectorate control in Manchuria is of greater importance than revenue concerned and this view is shared by leading Chinese bankers here. He states further that Mr. Yoshizawa shares these views but found it difficult to convince Japanese military.

Inspector-General of Customs' instructions to Commissioners in Manchuria are not to vacate posts unless actually compelled by force majeure and in regard to local revenues his plan is to let Manchurian Government seize funds from Bank of China and not direct from the Customs.

As regards imminent seizure of Antung, Newchwang and Harbin Custom-houses reported in the press Inspector-General of Customs suggests that joint protest on the part of American, British and French Ambassadors in Tokyo would have deterrent effect and would be welcomed by a section of Japanese Foreign Office, but in view of urgency of the situation he asks if British Ambassador could make preliminary representations in advance of such joint action. He recommends further that since the Premier, Admiral Saito, is not fully conversant with the issue Vice-Minister, Mr. Arita, should be approached first as he is understood to support Mr. Yoshizawa's policy of non-interference with Customs.

Repeated to Foreign Office, Tokyo and Mission.

<sup>1</sup> Repeated by wireless as No. 66 to the Foreign Office (received at 9.30 a.m. on June 1).

<sup>2</sup> See No. 383, note 2.

#### No. 389

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 1, 10.40 a.m.)*

*No. 245 Telegraphic [F 4653/1/10]*

Mukden telegram No. 14<sup>1</sup> to Peking.

TOKYO, June 1, 1932, 3.50 p.m.

I spoke strongly to Vice Minister for Foreign Affairs this morning and

<sup>1</sup> This figure was corrected on the filed copy to read '46'; see No. 394 below.

left a memorandum of the facts with him. He promised to look into the matter at once and do everything possible to protect British lives and property.<sup>2</sup>

Repeated to Peking.

<sup>2</sup> In his despatch No. 311 of June 10 to the Foreign Office (received July 15) Sir F. Lindley said that on June 8 Mr. Arita had handed him an *aide-mémoire* which attributed the affair at Lungchingsun to 'a manifestation of the longstanding resentment of the Koreans at the attitude of the Customs'. In reply Sir F. Lindley said that he did not conceal from Mr. Arita his 'belief that the agitation on the part of the Koreans was far from spontaneous and had been deliberately fostered by certain Japanese elements'.

### No. 390

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 1, 10.40 a.m.)*

*No. 247 Telegraphic [F 4590/2173/10]*

TOKYO, June 1, 1932, 4 p.m.

Vice Minister for Foreign Affairs informed me today that Soviet Government had agreed to allow Manchurian Government to appoint Consuls at Vladivostock, Blagovestchensk and Habarovsk, and would appoint Soviet Consuls at Harbin, Mukden, Manchuli and one other place in Manchuria.

Soviet Ambassador in informing Vice Minister for Foreign Affairs of the above had added that there had been similar arrangement with Chang-tso-lin after rupture of relations with China.<sup>1</sup>

Repeated to Peking.

<sup>1</sup> Cf. the note of April 9, 1927, from M. Litvinov to the Chinese Chargé d'Affaires in Moscow printed in Degras, vol. ii, pp. 178-80. Marshal Chang Tso-lin had been Military Governor of Manchuria until his death on June 4, 1928.

### No. 391

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 1, 11 a.m.)*

*No. 246 Telegraphic [F 4596/451/10]*

TOKYO, June 1, 1932, 4.10 p.m.

Shanghai telegram No. 137 to Peking.<sup>1</sup>

I spoke most earnestly to Vice Minister for Foreign Affairs this morning and begged him to do everything to maintain the integrity of customs to which all the Powers as well as the late Minister for Foreign Affairs attached such importance. If Manchurian Government had its way I foresaw streams of official protests and other complications which had been avoided up to now. It seemed to me obvious that the incident referred to in my immediately preceding telegram<sup>2</sup> was part of a deliberate and . . .<sup>3</sup> campaign against the Customs.

<sup>1</sup> No. 388.

<sup>2</sup> No. 389.

<sup>3</sup> The text is here uncertain.

Vice Minister for Foreign Affairs [? was] non committal and promised to ascertain the views of Minister for Foreign Affairs as soon as possible.  
Repeated to Peking.

**No. 392**

*Mr. Brennan (Shanghai) to Mr. Ingram (Peking)*

*No. 139<sup>1</sup> Telegraphic [F 4600/1/10]*

SHANGHAI, June 1, 1932

My telegram No. 136.<sup>2</sup>

Chinese authorities responsible for armistice agreement have been accused by political opponents of having given secret undertaking regarding demilitarised zone around Shanghai. Evidently with a view to disproving this they recently decided to send two battalions of troops to Lunghua south of the French concession which has always been headquarters of Shanghai garrison but was evacuated during recent hostilities.

Japanese were inclined to make difficulties and at meeting of joint commission held yesterday they claimed that under formula accepted by military sub-committee of May 2nd<sup>3</sup> permission of the commission must be obtained for Chinese military movements south of Suchow Creek.

The Chinese delegates asserted that these troops were being sent to preserve order in that district and without any hostile intention towards the Japanese and on being pressed by the Japanese delegates they agreed that any troop movement in that area would as a matter of courtesy be notified to Chairman of the commission for communication to the Japanese. Both parties show conciliatory disposition and what threatened to be awkward question was thus amicably settled.

Repeated to Foreign Office and Mission.

<sup>1</sup> Repeated by wireless as No. 67 to the Foreign Office (received at 6 p.m. on June 1).

<sup>2</sup> No. 387.

<sup>3</sup> See No. 314.

**No. 393**

*Sir J. Simon to Sir F. Lindley (Tokyo)*

*No. 95 Telegraphic [F 4596/451/10]*

FOREIGN OFFICE, June 2, 1932, 4.30 p.m.

Your telegram No. 246<sup>1</sup> (of June 1st. Manchurian Customs).

I approve your action. Please keep your United States, French and Italian colleagues fully informed in case they may feel disposed to take similar action.<sup>2</sup>

Please repeat to Peking.

<sup>1</sup> No. 391.

<sup>2</sup> In his telegram No. 249 of June 3 to the Foreign Office Sir F. Lindley reported that he had informed his colleagues who had no information. He pointed out that it seemed, from Peking telegram No. 311 of June 2 to the Foreign Office (received at 10 a.m. on June 3, not printed) that the reports (cf. No. 383) were incorrect or at any rate premature.

No. 394

*Mr. Ingram (Peking) to Sir J. Simon (Received June 4, 9.30 a.m.)*

*No. 313 Telegraphic: by wireless [F 4651/1/10]*

PEKING, June 2, 1932

His Majesty's Consul General at Mukden reports on May 26th Koreans at Lungchingsun demonstrated against Customs and<sup>1</sup> Commissioner and stoned residence of postal Commissioner (both Commissioners are apparently British). Violently threatening articles against Commissioner of Customs have moreover been published in Government subsidised Japanese press. Local authorities both Chinese and Japanese assured Commissioner that persons and property of British subjects will not be attacked but Japanese profess to fear ugly temper of Koreans instigated by agitators.

2. His Majesty's Consul General has made representations through Japanese Consulate General at Mukden.

3. Above is substance of Mukden telegram No. 46 referred to in Tokyo telegram No. 245 to you.<sup>2</sup>

<sup>1</sup> This word was queried on the filed copy.

<sup>2</sup> No. 389.

No. 395

*Mr. Ingram (Peking) to Sir J. Simon (Received June 4, 9 a.m.)*

*No. 314 Telegraphic: by wireless [F 4652/27/10]*

PEKING, June 3, 1932

My telegram No. 299.<sup>1</sup>

Danger at Amoy appears to have receded; according to reports from His Majesty's Consul local authorities are relieved at prospect of arrival of 19th route army and now express themselves confident with regard to situation.

2. Reports from Commander-in-Chief state that Chinese gunboat and troops in lighters proceeded up river towards Changchow on May 30th and May 31st and that a transport carrying troops arrived at Amoy on May 31st. (It is not stated whether latter are part of 19th army). According to a Reuter message of May 31st government forces have occupied Changchow.<sup>2</sup>

Repeated to Mission, Amoy and Commander-in-Chief.

<sup>1</sup> In this telegram of May 28, not printed, Mr. Ingram recorded reports that the 19th route army was being sent to Fukien and that 'the bulk of the communistic troops' had evacuated Changchow. He added that the Senior Naval Officer had reported on May 25 that the position was easier.

<sup>2</sup> Admiral Lin's confirmation of this report was sent to the Foreign Office in Peking telegram No. 342 of June 17 (received at 9.30 a.m. on June 18).



*Mr. Ingram (Peking) to Sir J. Simon (Received June 4, 9.30 a.m.)*  
*No. 318 Telegraphic: by wireless [F 4656/1108/10]*

PEKING, June 3, 1932

Following received from Shanghai No. 135 May 30th.

Begins.

Addressed to Peking No. 135, repeated to Mission.

(? Your telegram No. 74.)<sup>1</sup>

I asked Japanese Consul if he confirmed press message that his Government would compensate neutrals. He replied he had received no official confirmation from Tokyo but he thought Japanese Government would do something for neutral sufferers.

As you say Foreign Office telegram No. 94<sup>2</sup> practically limits claims to looting cases but in spite of the fact all lists sent to Japanese have been specifically divided into (1) looting, (2) all other claims. Local Japanese authorities have not so far made any such distinction and have investigated and asked for further particulars in cases of damage by shell fire—see my despatch No. 195<sup>3</sup> sent by bag May 24th.

If I now commence preparation of looting claims only it is to be feared that *Japanese* will soon learn that other claims are not being considered by us and will act accordingly. I therefore venture to suggest before preparation of claims is put in hand an attempt should be made to ascertain from my Japanese colleague if...<sup>4</sup> what classes of claims they are prepared to consider.<sup>5</sup> If this can be done it will save much misunderstanding and labour.

In preparation of claims am I given discretion to reject items and reduce amounts? For instance claims by many Indian moneylenders are much inflated by alleged loss of I.O.U.s. for loans. Also I presume all indirect losses are to be excluded.

<sup>1</sup> The reference is uncertain.

<sup>2</sup> No. 364.

<sup>3</sup> A copy of this despatch of May 19 from Mr. Brennan to Sir M. Lampson (Peking) was received in the Foreign Office on July 12 under Shanghai covering despatch No. 122 of May 19, not printed. Enclosed were copies of the lists of British claims which had been sent to the Japanese Consul-General at Shanghai and to the Mayor of Greater Shanghai.

<sup>4</sup> The text as received was here uncertain: it was later amended to read: 'ascertain from Japanese Govt. what classes'.

<sup>5</sup> Mr. Ingram telegraphed in Peking telegram No. 310 of June 2 to the Foreign Office (received at 9 p.m. that day) that he felt there was much force in this suggestion. He added: 'I venture to suggest that Tokyo might be sounded as to their intentions on the basis that we should welcome a friendly settlement.' Referring to this telegram, Sir F. Lindley, in Tokyo telegram No. 248 of June 3 to the Foreign Office (received at 9.30 a.m. on the same day), said that he was doubtful as to the wisdom of asking the Japanese Government what kind of claims they would consider 'since they may reply in a way which will make subsequent presentation of claims ludicrous from the start'. He asked whether it would not be best 'to prepare claims which we really believe are justified in international law and equity and present them in friendly way as a matter of course'.

No. 397

*Sir J. Simon to Lord Tyrrell (Paris) and Sir R. Graham (Rome)*

*No. 112<sup>1</sup> Telegraphic [F 4649/1/10]*

FOREIGN OFFICE, June 4, 1932, 12.30 p.m.

My telegram to Tokyo No. 96<sup>2</sup> (of June 2nd: Japanese proposal for preliminary conference on Shanghai).

Please ascertain and report whether Government to which you are accredited are giving similar instructions to their Ambassador in Tokyo.<sup>3</sup>

<sup>1</sup> No. 112 to Paris and No. 91 to Rome.

<sup>2</sup> Not printed. This telegram of 10 p.m. on June 2 (repeated to Paris, Rome, and Washington) informed Sir F. Lindley of Sir J. Simon's conversation with Mr. Mellon on May 30 regarding the proposed conference on Shanghai (see No. 385) and added that Sir J. Simon had explained to the French and Italian Ambassadors in London on June 2 the course of action agreed with Mr. Mellon. The two Ambassadors were confident that their governments would 'agree with these views and it is proposed that it should be left to the four representatives at Tokyo to decide whether they would make this suggestion to Japanese foreign minister jointly or whether they would interview him separately'.

Sir F. Lindley had replied in Tokyo telegram No. 250 of 4.50 p.m. on June 3 (received at 10.35 a.m. on the same day): 'French and Italian Ambassadors have not yet received instructions. As soon as they do so we shall seek joint interview with Minister for Foreign Affairs to explain views of our governments verbally.' Cf. *F.R.U.S. 1932*, vol. iv, p. 54.

<sup>3</sup> Favourable replies were received respectively in Rome telegram No. 75 of June 5 (received 5.45 p.m.) and in Paris telegram No. 72 Saving of June 6 (received June 7).

No. 398

*Mr. Ingram (Peking) to Sir J. Simon (Received June 6, 9.30 a.m.)*

*No. 319 Telegraphic [F 4657/451/10]*

PEKING, June 6, 1932, 12.10 p.m.

Following received from Harbin No. 66 of June 4th.

Begins:—

Addressed to Peking, repeated to Mukden by post.

My immediately preceding telegram.<sup>1</sup>

Commissioner of Customs was informed today June 4th by a member of Manchurian government that it is their intention to appoint shortly an 'Inspector General of Customs' for Manchuria. His actual . . .<sup>2</sup> is still . . .<sup>2</sup> and Commissioner of Customs regards this move as a *ballon d'essai*. New Inspector General of Customs will be a Japanese and it is proposed to retain present Commissioners and their staffs.

<sup>1</sup> Untraced in Foreign Office archives.

<sup>2</sup> The text is here uncertain.

Commissioner made it clear to his informant that he would not recognise the authority of this new official.

Ends.<sup>3</sup>

<sup>3</sup> Mr. Dooman, First Secretary in the U.S. Embassy, London, called on Mr. MacKillop on June 6 and enquired whether the Foreign Office contemplated any action in this connexion. Mr. MacKillop informed him of Sir F. Lindley's action on receipt of No. 388 (as reported in No. 391), of Sir J. Simon's instructions in No. 393, and of Sir F. Lindley's reply, see *ibid.*, note 2, and said that the Foreign Office understood that the report had been 'based on press information which was possibly mistaken or in any case premature'. Cf. *F.R.U.S.* 1932, vol. iv, p. 64.

#### No. 399

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 6, 1.30 p.m.)*

*No. 252 Telegraphic [F 4676/451/10]*

TOKYO, June 6, 1932, 7.15 p.m.

My telegram 249.<sup>1</sup>

On receipt of telegram No. 66 from Harbin to Mr. Ingram<sup>2</sup> I saw Vice Minister for Foreign Affairs and asked him what Manchurian government intended.

He could give no definite answer but it was clear that there was a danger that they might decide to set up a separate customs.

I repeated my warnings and Vice Minister for Foreign Affairs pointed out that Manchurian government often paid no heed to the wishes of Japanese government. While admitting this fact I replied that the existence of the Manchurian government depends in the last resort on Japanese troops which were under orders of Tokyo.

Finally Vice Minister for Foreign Affairs said that arrival of Count Uchida on June 12th<sup>3</sup> would have to be awaited before attitude of Japanese government could be defined.

I will inform colleagues.

Repeated to Peking.

<sup>1</sup> See No. 393, note 2.

<sup>2</sup> See No. 398.

<sup>3</sup> Cf. No. 403 below, paragraph 6.

#### No. 400

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 111 Telegraphic: by wireless [F 4645/16/10]*

FOREIGN OFFICE, June 6, 1932

Sir M. Lampson's telegram No. 1 (Tour) Saving<sup>1</sup> (of the 26th [22nd] April: suggested Aviation Mission to China).

You should inform the Chinese authorities that His Majesty's Government are prepared in principle to welcome the Chinese suggestion for a

<sup>1</sup> No. 253.

military aviation mission to China, subject to agreement on necessary details.

The cost of an R.A.F. mission on the lines suggested would be approximately £12,000 a year. A similar mission composed of ex-R.A.F. officers, if it could be arranged, would probably cost about £9,000 a year.<sup>2</sup>

Further information regarding other points raised in Sir M. Lampson's telegram under reply being obtained and will be telegraphed if desired.

<sup>2</sup> In his despatch No. 77 of June 18 to Mr. Ingram (copy transmitted to the Foreign Office under Peking despatch No. 811 of July 5, received August 18) Mr. Holman, who was in charge of H.M. Sub-Legation at Nanking, said that, as instructed, he had communicated the gist of the British Government's offer in a personal letter to the Minister for Foreign Affairs at Nanking and that in a resulting conversation on June 18 General Ch'ao, Vice-Director of the Aviation Bureau, had said that the figures quoted 'seemed rather high' and 'the matter might have to stand over for the time being'. Mr. Holman added that in the course of their conversation he had drawn General Ch'ao's attention to a press report that 'the Chinese Government had secured the services of certain Americans under a Mr. Jouett [Colonel J. Jouett, formerly of the U.S. Army Air Corps] for the establishment of a flying school in China', and that General Ch'ao had replied 'that the school in question, which had nothing to do with his department, was connected with the training of cadets, whilst the British Aviation Mission contemplated by the Chinese Government would be employed in the training of service pilots'.

#### No. 401

*Mr. Ingram (Peking) to Sir J. Simon (Received June 7, 8.30 p.m.)*

*No. 321 Telegraphic: by wireless [F 4699/1/10]*

PEKING, June 7, 1932

Lord Lytton<sup>1</sup> is perturbed at the situation he discovered at Shanhaikuan where the Chinese and Japanese troops were in close proximity in circumstances which he felt were liable to lead to a serious incident at any time. Chinese claimed that Japanese forces (who are nominally protecting the railway under the authority of Boxer protocol) were acting in a most provocative manner, carrying on night exercises without prior notification to Chinese, removing certain boundary marks, etc. Japanese allege that Chinese were engaged in erecting military delimitation . . .<sup>2</sup> on Manchu side of the wall.<sup>3</sup> It should be remembered that the wall does not constitute a boundary geographical or administrative between Hupei<sup>4</sup> and the three Eastern Provinces.

He told me he did not wish that matter should be referred to the League as latter would only request Commission to investigate and report and they

<sup>1</sup> The members of the League of Nations Commission of Inquiry had arrived at Peking from Manchuria on June 5.

<sup>2</sup> The text as received was here uncertain, but was later amended to read: 'military positions on'.

<sup>3</sup> i.e. the Great Wall of China.

<sup>4</sup> Amended on the filed copy to read: 'Hopei (formerly Chihli)'.

have their hands full with preparation of Manchurian report. He had advised Koo that Chinese Government should endeavour to reach direct settlement of the points at issue with Japanese. If this was unsuccessful he was wondering whether there was any appeal to signatories of Boxer protocol or any other action which might be taken short of reference to the League. He also enquired whether it might not be possible to send observers.

I have no confirmation of Japanese and Chinese reports nor has my United States colleague. Neither of us has any indication that tension at Shanhaikuan has increased of late. Military Attaché is, however, at my request sending a language officer to enquire into the situation and report.<sup>5</sup>

Repeated to Commander-in-Chief, Tientsin, Tokyo and Mission.

<sup>5</sup> Mr. Ingram's telegram No. 331 to the Foreign Office of June 12 (received 8.50 p.m.) transmitted a copy of Tientsin telegram No. 22 of June 9 to Peking which said that: 'British military reports from Shanhaikuan up to June 6th state that situation there is perfectly normal and quiet.

'Japanese troops referred to by Lord Lytton have always been at Shanhaikuan and their number has not recently been increased . . . at the moment I see no reason to view situation at Shanhaikuan with alarm and have no reason to anticipate a clash between Japanese and Chinese there provided latter do not lose their heads. It is improbable to say the least that Japanese would stage an incident at Shanhaikuan at the very moment when scores of trained military observers are on the spot to watch and report on proceedings.'

In a further telegram, No. 347 (drafted on June 17, despatched at 1.15 p.m. on June 23 and received 9.30 a.m. the same day), Mr. Ingram said that the 'Report by language officers [*sic*] suggests that situation has improved . . . there is no particular reason to anticipate a clash at present.'

## No. 402

*Mr. Ingram (Peking) to Sir J. Simon (Received June 8, 6.15 p.m.)*

*No. 322 Telegraphic: by wireless [F 4718/1/10]*

PEKING, June 7, 1932

At his request I have outlined to Lord Lytton in strictest confidence history of recent developments regarding projected round table conference. The Commission he said would be unable to ignore in their report the Shanghai incident and problems arising from it but they were not prepared to make any recommendations regarding Shanghai without prolonged and thorough study which time prevented them from devoting to the question. Their report would have to cover the whole area of Sino-Japanese relations historically leading up to and including events of February 15th, September 18th<sup>1</sup> and they would have to express ideas with regard to facts and responsibility for them in (? problem) of Shanghai incident.<sup>2</sup> But whereas re-

<sup>1</sup> A repetition of this passage received on June 16 in an unnumbered telegram from Peking read: 'events subsequent to September 18th'.

<sup>2</sup> The repetition of this passage read: 'responsibilities involved in Shanghai incident'.

garding Manchuria they would have to make recommendations for a settlement they did not propose to do so in the case of Shanghai.<sup>3</sup>

I told Lord Lytton that so far as I could judge this would fit in with the ideas and plans of at any rate British and others,<sup>4</sup> Lord Lytton was however most anxious that in carrying out these plans and ideas care should be taken not to . . .<sup>5</sup> Japanese to think the Powers were trying to wriggle out of any round table conference. Japanese argued that they had withdrawn their troops from Shanghai relying on the promise of the Powers to summon round table conference and he was emphatic that it would prejudice the Commission's work on the Manchurian issue if the Japanese received the impression that they were being let down over this Conference. I told him I did not think it should be beyond the diplomatic skill of the Powers concerned to avoid giving such an impression.

Repeated to Mission, Tokyo and Shanghai.

<sup>3</sup> The following additional passage here occurs in the notes on this interview made by Mr. Blackburn and transmitted to the Foreign Office under Peking despatch No. 684 of June 11 (received July 25): 'they had it in mind that the Shanghai question should be kept open until their report appeared and that the Round-Table Conference should then be held in the light of that report. He [Lord Lytton] asked whether this fitted in with the proposals which were at present being made by the various Governments.'

<sup>4</sup> Mr. Blackburn's notes here read: 'the British and American Governments'.

<sup>5</sup> The text is here uncertain.

#### No. 403

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 14)*

*No. 303 [F 5542/1/10]*

TOKYO, June 7, 1932

Sir,

Since I had the honour to address you in my despatch No. 250<sup>1</sup> of May 11th on the subject of Manchuria, there seems to be deterioration rather than improvement in the internal conditions of the Four Provinces. Brigandage appears to be rife and the advent of mild weather with its accompanying growth of crops and herbage has no doubt made the life of the brigand and the insurgent bodies of troops both more agreeable and more secure from attacks by the Japanese forces. But I doubt whether this seasonal change is sufficient in itself to account for the obstinacy of the opposition elements. It would be but natural if these had been encouraged by events at Shanghai to emulate the feats of the Nineteenth Route Army; and it may well be that the Young Marshal<sup>2</sup> has felt it incumbent upon him to show that Chinese patriotism is not confined to Canton. In any case General Ma seems at last to have come down definitely on the side of the fence opposite to the Japanese.

2. That the question of order is not the only one which is troubling Manchuria seems clear from reports which have been allowed to leak out in the

<sup>1</sup> Not printed.

<sup>2</sup> i.e. Marshal Chang Hsueh-liang; cf. No. 371, enclosure.

press. It is known that the numerous Japanese officials who have been engaged by the New State are an exceedingly mixed lot. They have not, at any rate in most cases, been selected by the Japanese Government, but have been recruited more or less haphazard by the military authorities.

3. That confusion, corruption and inefficiency should characterise an administration directed under such auspices may be taken for granted and it was with no surprise therefore that we read in the papers one morning that Mr. Komai, Director of the Bureau of General Affairs, had resigned his post. I took an opportunity on the 6th instant of asking Mr. Arita whether he could enlighten me as to the true meaning of this incident. He replied that Mr. Komai had not resigned, although he had threatened to do so. He had taken this action because he was thoroughly dissatisfied with the state of indiscipline reigning amongst the Japanese personnel of the New Government and with certain instances of corruption which had been brought to his notice. More than that I was unable to extract.

4. Apart from the difficulties of personnel, it is likely that there will be serious friction between the Manchukuo Government and the Japanese Government on questions of policy. As you are aware, the Manchukuo Government has been set up by and remains, to some extent at least, under the influence of a number of young officers who are imbued with much the same ideas as the heroes who recently murdered the 76 year old Prime Minister.<sup>3</sup> They wish to make Manchuria an ideal place of residence for everyone and, while intensely anti-foreign, they are not inclined to accept orders even from their own government when these run counter to their utopian projects. It will thus be seen what a large field there is for differences of opinion between Tokyo and Changchun, and how closely related events in Manchuria are to political developments and even revolutionary upheavals in the Mother country.

5. It is not surprising in the above circumstances that the Japanese Government should be exposed to constant pressure from many quarters to recognise the Manchukuo Government and thus to some extent to regularise the position. Admiral Saito has, up to now, been cautious in his references to recognition; but the pressure upon him seems to me to be increasing as time goes on; and, should the Army really decide that recognition is required in its interests, I cannot doubt that the Government will give way.

6 Count Uchida, President of the South Manchuria Railway, is due in Tokyo on June 12th and Mr. Arita informed me yesterday that Admiral Saito would do all he could to persuade him to accept the post of Minister for Foreign Affairs. Whether he does so or not, there is no doubt that his opinion will carry great weight both regarding recognition and the Customs question dealt with in my despatch No. 299<sup>4</sup> of June 8th. He will also be consulted as to the administrative difficulties of many kinds with which Manchukuo is struggling. Foremost amongst these is the long-standing rivalry for preeminence between the Kwantung Government, the Commander-in-

<sup>3</sup> See No. 348.

<sup>4</sup> Not printed.

Chief of the Forces, the Consular Body and the South Manchuria Railway which formed the subject of my despatch No. 273<sup>5</sup> of the 19th ultimo. Formerly this rivalry only affected the Leased Territory and the Railway zone but the solution eventually found cannot fail now to influence the working of the administrative system throughout the whole of the Four Eastern Provinces. At the time of writing the betting, if I may be allowed to use the expression, is at least two to one on the Commander-in-Chief; and of the rest of the field, the Consular Body is the unbacked outsider. Let us hope that Count Uchida will readjust the weights so as to bring the starters closer together.

A copy of this despatch has been sent to His Majesty's Government in the Commonwealth of Australia, and His Majesty's Chargé d'Affaires at Peking.

I have, &c.,

F. O. LINDLEY

<sup>5</sup> This despatch (received June 22) referred to document No. 272 above and transmitted a further despatch from Mr. Dening (No. 59 of May 11) relating to the proposed unification under military control of various Japanese services in Manchuria. According to an article in the *Manchuria Daily News* the Governor of Kwantung would be at the same time Commander-in-Chief of the Japanese army in Manchuria, the Kwantung Government would continue to exercise control of the S. Manchuria Railway, and the Japanese consulate-general and consulates in Manchuria would be amalgamated with the Kwantung Government.

#### No. 404

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 8, 10.45 a.m.)*

*No. 254 Telegraphic [F 4698/1/10]*

TOKYO, June 8, 1932, 5.10 p.m.

Growing pressure is being brought to bear on Japanese Government from many quarters to recognize Manchurian Government.

I do not anticipate any decision until after return here of Count Uchida on June 12th but I should not be surprised if recognition were accorded soon afterwards.

#### No. 405

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 8, 4 p.m.)*

*No. 255 Telegraphic [F 4717/1/10]*

TOKYO, June 8, 1932, 8.15 p.m.

My telegram No. 250.<sup>1</sup>

Four representatives explained views of their Governments this afternoon to Prime Minister according to their identic instructions.<sup>2</sup>

We laid stress on fact that unwillingness to hold preliminary conference at Tokyo was due solely to fear of making Chinese more difficult to deal

<sup>1</sup> See No. 397, note 2.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 69-70.



with and we emphasized desire of our Governments to keep in close touch with Japanese Government and learn more of their views.<sup>3</sup>

Prime Minister seemed quite satisfied and said that he would wait until Minister for Foreign Affairs was appointed before going on further with the matter.

Japanese Government attached greatest importance to holding of conference at Shanghai with Chinese present as soon as possible. During further conversation it became clear that Japanese Government meant to adhere to previous decision not to allow Manchuria to be discussed at the same time as Shanghai.

It is evident that Japanese Government are as set upon Shanghai conference as ever and that they intend to do everything possible to get through some kind of permanent neutralisation or demilitarisation.<sup>4</sup>

Repeated to Peking.

<sup>3</sup> In the more detailed account of this interview reported in Sir F. Lindley's despatch No. 306 of June 9 (received July 14) it is here stated that the representatives 'suggested that this object might be attained if the Japanese Government would instruct the Japanese Representatives in the four Capitals to explain their views fully to our Ministries for Foreign Affairs'.

<sup>4</sup> In his later despatch Sir F. Lindley here added: 'I am reluctantly obliged to repeat the opinion I have expressed more than once before that the Japanese Government will not be content to play a passive part under the pressure of the boycott which is doing them so much damage. They blundered into the Shanghai enterprise as a protest against the boycott; and they withdrew their troops in the hope of enlisting the co-operation of the Powers in making that centre immune from official Chinese interference in the future. If that move fails as did the first, it is difficult to believe they will let matters rest where they are.'

#### No. 406

*Mr. Ingram (Peking) to Sir J. Simon (Received June 8, 6 p.m.)*

*No. 325 Telegraphic: by wireless [F 4779/451/10]*

My telegram No. 311.<sup>1</sup>

PEKING, June 8, 1932

In reply to Consul-General's enquiry as to present situation of customs in Manchuria Inspector General of Customs states Manchu Kuo authorities have ordered banks concerned at Antung, Newchwang and Harbin not to remit revenue surplus to Shanghai although respective Commissioners are authorised to retain amount of cost of collection. Otherwise Inspector General of Customs administrative authority remains unimpaired.

Banks are reported to be holding revenues in question in a special suspense account on the understanding that it will not be disposed of until Manchuria question is definitely settled. Aigun and Lungchingtsun are remitting normally and there is no change in procedure at Dairen which is under special agreement.

Repeated to Tokyo and Mission.

<sup>1</sup> Of June 2, not printed; cf. No. 393, note 2.

*Mr. Ingram (Peking) to Sir J. Simon (Received June 8, 9 p.m.)*

*No. 326 Telegraphic: by wireless [F 4724/65/10]*

PEKING, June 8, 1932

Following received from Shanghai June 6th. Begins.

Addressed to Peking telegram No. 141, repeated to Mission.

My despatch No. 190.<sup>1</sup>

Agreement covering extra-settlement roads question was initialled on June 4th by representatives of City Government of Greater Shanghai and International Municipal Council subject to ratification by Nanking Government and Council.<sup>2</sup>

Important points are as follows: City Government to establish special police administration for area concerned, with Chinese commissioner and foreign deputy commissioner appointed by the Mayor. The latter officer is, however, to be nominated by the Council. Police to wear distinctive badge in English and Chinese.

Police cases relating to extra-territoriality of foreigners to be handled<sup>3</sup> by deputy commissioner and Chinese cases by Chinese Commissioner subject as far as possible to Court agreement.<sup>4</sup> No order concerning extra-territoriality of foreigners<sup>5</sup> to become operative until approved by deputy commissioner. If in case of doubt the two commissioners are unable to agree they are to refer in writing to Bureau of public safety and Commissioner of Municipal Police respectively for subsequent settlement.

City Government delegates exclusive authority to Municipal Council to undertake road maintenance and sanitary work and to collect taxes on extra-settlement roads.

City Government and Municipal Council to keep separate budgets for area concerned and they will be jointly responsible for surplus or deficit.

Despatch follows.<sup>6</sup>

<sup>1</sup> No. 346.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 632-4.

<sup>3</sup> In the copy of this draft agreement sent to Mr. Ingram as enclosure in Shanghai despatch No. 210 of June 7 (not printed, copy received in the Foreign Office on August 18 as enclosure in Peking despatch No. 847 of July 8) the corresponding passage read: 'all matters relating to foreign nationals having extra-territorial rights shall be handled'.

<sup>4</sup> For this Agreement of February 17, 1930, see No. 233, note 3.

<sup>5</sup> The corresponding text in the agreement *op. cit.* read: 'concerning foreigners having extra-territorial rights'.

<sup>6</sup> A reference presumably to Shanghai despatch No. 210 of June 7 to Peking (see note 3 above).

No. 408

*Mr. Ingram (Peking) to Sir J. Simon (Received June 8, 9 p.m.)*

*No. 327 Telegraphic: by wireless [F 4723/451/10]*

PEKING, June 8, 1932

Shanghai telegram No. 137.<sup>1</sup>

His Majesty's Consul-General, Mukden, reports that according to general opinion although Manchurian Government are hard pressed for funds they have not yet reached final decision to take over Customs Administration.

His Majesty's Consul-General, Harbin, telegraphs that Secretary of Superintendent of Customs informed Commissioner of Customs on June 3rd that three Chinese had told him that Manchurian Government intended to do so in the near future and that Japanese Vice Minister for Foreign Affairs informed United States Consul-General that the Government through lack of funds must take over the Customs soon.

Both my United States colleague and my French colleague have received information from their local Consuls which leads them to believe there is probably some spark behind all this fire.

Repeated to Tokyo, Shanghai and Mission.

<sup>1</sup> No. 388.

No. 409

*Sir J. Simon to Sir R. Lindsay (Washington)*

*No. 809 [F 4720/1/10]*

FOREIGN OFFICE, June 8, 1932

Sir,

Mr. Atherton showed me to-day a letter<sup>1</sup> from Mr. Stimson referring to Japan's responsibility for the new Manchurian Government. The letter referred to the anxiety I had expressed to Mr. Stimson lest, if protests were addressed to Japan on the subject, the reply might be made that Japan's responsibility for what had occurred was not admitted.<sup>2</sup> Mr. Stimson considers that he has in his hands conclusive evidence of Japan's initiative in the creation and practical control of the new independent State of Manchukuo, and Mr. Atherton handed to me the document<sup>3</sup> containing this collected material. I promised that it should be examined, observing at the same time that there could be no question that Japanese citizens had been very largely

<sup>1</sup> See *F.R.U.S.* 1932, vol. iv, p. 44.

<sup>2</sup> See No. 228.

<sup>3</sup> Not printed; cf. *F.R.U.S. op. cit.*, p. 44, note 32.

concerned in the matter, but that it had seemed to me that it would be more difficult to establish the complicity of the Japanese Government.<sup>4</sup>

I am, &c.,  
JOHN SIMON

<sup>4</sup> Sir J. Simon's draft of this despatch here included the following sentence, subsequently deleted: 'Mr. Atherton made an observation in parting which showed that he at least was fully alive to this distinction.' The despatch was circulated to the King, Cabinet, and the Dominions. Minutes on the file included the following:

'This document is divided into 2 sections:—

- A. Evidence that Japan *instigated* the establishment of the new Government in Manchuria.
- B. Evidence that Japan *controls* the new Government in Manchuria.

'The document adds nothing to our knowledge of the subject. It may be taken as proved that the Government of Chang Hsueh Liang (the Young Marshall) ceased to exist because it was objectionable to the Japanese military forces in Manchuria. It is also obvious that no Government, replacing that of Chang Hsueh Liang, could come into existence or remain in existence if it was also of such a character as to be objectionable to the Japanese Military. The Japanese Government would probably admit this and yet claim that this was not inconsistent with their assertions (a) that the new autonomous Government, independent of the Government of China, had come into existence by the spontaneous act of the people of Manchuria, and (b) that the new Government was not under the control of the Japanese Government.

'Section B of the United States Memorandum is particularly feeble and proves nothing.  
... J. T. Pratt, 13/6.'

'I think that the importance of this communication lies in the fact that the U.S. Govt. consider that the evidence justifies a certain conclusion, and have formed that conclusion. That is an important political fact, and one of its probable consequences is that the U.S. Govt. will dissent from the recommendations of the Lytton Commission if they are in terms which the Jap<sup>se</sup> Govt. consider reasonable. We, wishing to act as the link between the League and the U.S. Govt. in the Sino-Jap<sup>se</sup> question as a whole, will be in a most unenviable position if the U.S. Govt. repudiate the League Commission's report ...

'D. A. MacKillop 13/6.'

## No. 410

*British Delegate (Geneva) to Sir J. Simon (Received June 11)*

*No. 168 [F 4768/1/10]*

GENEVA, June 8, 1932

The British Delegate to the League of Nations presents his compliments, and has the honour to transmit copies of the undermentioned document.

*No. and Date*

*Subject*

Sir E. Drummond to Mr. Cadogan,  
June 6th.

China and Japan: copy of letter  
sent to M. Hymans.

ENCLOSURE 1 IN No. 410

*Letter from Sir E. Drummond to Mr. Cadogan*

LEAGUE OF NATIONS, GENEVA, June 6, 1932

My dear Alec,

I send you a copy of a letter which I have just sent off to Hymans, because I hope it sets out the present difficulties fairly clearly.

I told the Foreign Secretary that I wanted to talk to him on the subject when he came here.

Yours ever,  
ERIC DRUMMOND

ENCLOSURE 2 IN No. 410

*Letter from Sir E. Drummond to M. Hymans*

GENEVA, June 6, 1932

My dear President,

I do not know exactly what your plans are; but I rather trust that you may be able to be in Geneva either towards the end of this week or the beginning of next. There is one very important question which I should like to discuss with you personally.

The Assembly is dealing with the Chinese-Japanese dispute under Article 15 of the Covenant. Under that Article the provisions of Article 12 apply to the Assembly's proceedings. Therefore, the report of the Assembly has to be made within six months after the submission of the dispute to the Assembly. I think that the exact date would be the 19th August, since the six months would run from the day on which the Council decided that the matter should be referred to the Assembly.

Now, it is not likely that the Lytton Commission's final report will be received before about the 15th September,<sup>1</sup> and even if it were, obviously the members of the Council, of the Committee of Nineteen and of the Assembly must have a reasonable period to consider that report, as it is on it that the Assembly's report will, I presume, ultimately be based. All this shows that the six months provided under Article 12 is insufficient, owing to the exceptional difficulties of the present case. I think, therefore, that we ought to endeavour to obtain a prolongation from the two parties of the period in question. If we could secure a further three months this would probably be sufficient. It may, however, be very difficult for the Japanese to accept such a prolongation, since it would be an admission by them that Article 15 of the Covenant is applicable to Manchuria, a theory which up to now they have always resisted. If they opposed, I think we should be bound to submit

<sup>1</sup> Cf. the telegram to this effect from the Commission of Enquiry, dated 'Peiping, June 14th, 1932' in *L/N.O.J.*, *S.S. No. 102*, p. 40.

the Japanese objections to the Court,<sup>2</sup> which certainly will decide that they are invalid, and it may be that, faced with this alternative, the Japanese would, as a matter of fact, agree to the extension.<sup>3</sup>

The situation is, as you will see, however, by no means easy; and I do not know whether we could take the responsibility of trying to negotiate this prolongation without the authority of the Committee of Nineteen, and yet if the Committee of Nineteen intervenes, I feel certain that it will be much more difficult for the Japanese to yield. Perhaps the way out would be to consult certain prominent members of the Committee privately when you come.<sup>4</sup>

Believe me, my dear President,  
Yours very sincerely,  
E. D.

<sup>2</sup> i.e. the Permanent Court of International Justice established in accordance with Article 14 of the Covenant of the League of Nations.

<sup>3</sup> The British Delegate at Geneva sent to the Foreign Office on June 15 despatch No. 174 (received June 17) giving an account of an interview on June 13 between Sir E. Drummond and M. Nagaoka, the Japanese Ambassador at Paris and Representative on the League of Nations' Council, who asked: 'How would it be if Japan stated that she would have no objection to a prolongation of the six months foreseen under Article 12, "sous bénéfice" of the reservations she had already made?' The Ambassador added that he was very anxious to avoid any specific mention of Article 15. Sir E. Drummond said that the formula appeared to him personally to be quite suitable. He thought it clear that the Ambassador was speaking officially when he made his proposal.

<sup>4</sup> Despatch No. 176 of June 17 from the British Delegate at Geneva to the Foreign Office (received June 20) gave particulars of a conversation on June 16 in which Sir E. Drummond suggested 'an elastic prolongation of the six months period' to Dr. Yen, who said that he expected the Nanking Government 'would be quite ready to accept the suggestions made'.

## No. 411

*Sir J. Simon to Mr. Ingram (Peking)*  
*No. 113 Telegraphic [F 4656/1108/10]*

FOREIGN OFFICE, *June 9, 1932, 7.30 p.m.*

Your telegram No. 310 and Tokyo telegram No. 248<sup>1</sup> (of June 2nd and 3rd; Shanghai claims).

The decision not to present claims falling under class 3 in my telegram No. 94<sup>2</sup> was based chiefly on the view that for His Majesty's Government to contend that Japanese military action at Shanghai was illegal would violently antagonize Japan and jeopardise chances of a settlement of even the first two classes of claims. In view however of the fact that the local Japanese authorities are themselves asking for particulars in cases of damage by shell fire there can be no harm in preparing and presenting class 3 claims. If these claims are rejected we should, contrary to our general rule, abstain

<sup>1</sup> See No. 396, note 5.

<sup>2</sup> No. 364.

from pressing for arbitration. We should thus avoid being placed in the position of having to argue that Japanese military action was illegal; no harm would have been done, but, on the contrary, the dropping of these claims might improve the chances of a settlement of claims under classes 1 and 2. In these cases we should of course be prepared to proceed to arbitration.

2. Please instruct His Majesty's Consul-General accordingly. I fear it will much increase his labours, but this will be better than running the risk involved in discussing the question with the Japanese before the time is ripe.

3. In preparing claims His Majesty's Consul-General should exclude indirect losses, reject irrelevant items, and reduce amounts which he considers exaggerated.

Please repeat to Tokyo.

### No. 412

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 10, 12 noon)*

*No. 257 Telegraphic [F 4766/1/10]*

TOKYO, June 10, 1932, 2.48 [p.m.]

My<sup>1</sup> telegram No. 98.<sup>2</sup>

Following from Military Attaché for Director of Military Operations and Intelligence. Begins:

Japanese general staff gave total strength in Manchuria on completion of troop movements now in progress as 32,500.

I estimate four divisions each less a quarter in Japan at 6500 each. Cavalry brigade at full peace strength 1300. Six Railway battalions 600 each, 8 air squadrons, 8 is a guess, 200 each.

Grand total 32,500 leaving out army headquarters and independent garrison headquarters and army troops such as mechanical transport, workshop dépôt and medical.

Therefore I conclude that Japanese figure includes fighting troops only.

I estimate strength now before cavalry brigade and four air squadrons arrive as four divisions, 14th being strongest, 28,000, 6 Railway battalions 3400 and 4 air squadrons, 38th regiment 3000 37th brigade North of Yalu 500. Total figure of troops only 35,900.

Disposition given on (? June 7th) at the request of general staff to be treated as secret. Second division Kirin Tunhwa, 8th division Chinchow Shan-

<sup>1</sup> This word was corrected on the filed copy to read: 'Your'.

<sup>2</sup> Of June 9, not printed. In telegram No. 253 of June 8 to the Foreign Office, Sir F. Lindley had reported briefly that the Japanese General Staff had described to the Military Attaché movements which would reduce the Japanese armed strength in Manchuria to about 32,000. A minute of the same date by Mr. Broad said that, on the basis of the War Office's estimate of May 28 (F 4538/1/10), the total Japanese armed strength in Manchuria after the movements described in Tokyo telegram No. 253 should be 41,200. Foreign Office telegram No. 98 asked for an explanation of the figure of 32,000.

haikuan with regiment at Tsitsihar, 10th division area Sungari Harbin to Sansing, 14th division Hulun, Suihwa, Hailun, 38th brigade Onjo northward half way to Birten. Press states that some of the 37th brigade crossed the Yalu Sozan Shojlen area to disperse bandits north of river on June 6th.

No. 413

*Mr. Garstin (Harbin) to Mr. Ingram (Peking)*<sup>1</sup>

No. 42 [F 5270/1/10]

*Confidential*

HARBIN, June 11, 1932

Sir,

In accordance with your instructions I have the honour to submit the following Report on the present political situation in North Manchuria, with special reference to Soviet-Japanese relations.

1. One of the most striking features of the situation in North Manchuria since the advance of the Japanese troops on Tsitsihar in November last<sup>2</sup> has been the studiously moderate attitude of the Soviet Government under considerable provocation. It was clear from the evident anxiety of my Japanese colleague, as reported in my despatch No. 58<sup>3</sup> of the 20th November last, to justify the action of the Japanese military authorities, that the necessity for the expedition to Tsitsihar was by no means obvious. To the Soviet Government it must have seemed outrageous, and there was for some time an ominous silence on the subject in the Soviet Press. It was generally expected here that the Soviet authorities would immediately make some counter-demonstration on the Sino-Soviet frontier, and lodge a strong protest against what might have been held to be a breach of article VII of the Treaty of Portsmouth; but they appear to have remained inactive, overcome by the audacity of the Japanese military authorities.

2. Then followed, in January last, General Yu Hsien-chou (Yü Ch'en-ch'eng)'s expedition, under Japanese direction and supported by Japanese aeroplanes, against Pin Hsien,<sup>4</sup> and the subsequent change of objective from Pin Hsien to Harbin, which proving unsuccessful gave occasion for the despatch of a Japanese military expedition force from Ch'ang-ch'un (K'uan-chengtzu) to Harbin.<sup>5</sup> On that occasion, when the Japanese military command applied to the Chinese Eastern Railway Administration for transport facilities for their troops they were at first met with a firm refusal, but to the surprise of all, when the Soviet Vice-President of the Railway applied to Moscow for approval of his action, he was instructed to comply with the Japanese request.<sup>6</sup> This decision was the more remarkable in that in

<sup>1</sup> A copy of this despatch was received in the Foreign Office on July 2 under cover of an unnumbered despatch of even date from Harbin (not preserved in Foreign Office archives).

<sup>2</sup> Cf. Volume IX, No. 12.

<sup>3</sup> Not printed.

<sup>4</sup> Cf. Volume IX, No. 133, note 2.

<sup>5</sup> Cf. *ibid.*, e.g. Nos. 166, 184, 206, and 325.

<sup>6</sup> Cf. *ibid.*, Nos. 188, 276, and 304.



November 1931, after the occupation of Tsitsihar by the Japanese, when the Chinese Civil Administrator at Harbin wished to send Mr. Ying Shun with a party of 500 armed police by the Chinese Eastern Railway from Harbin to Tsitsihar, the Soviet officials of the railway had shewn meticulous care not to allow the railway to be used in any way that could give the Japanese a pretext for alleging a breach of neutrality, and had declined to permit this body of police to travel by rail free of charge or carrying arms.

3. The same complaisance, however, was not shewn by the government at Moscow later in February, when the Japanese wished to send a military force from Harbin Eastwards along the Chinese Eastern Railway. The movement of Japanese troops Eastwards towards the Soviet frontier was obviously a more serious matter than the despatch of such troops from Changchun to Harbin, and it was only after considerable delay and when the Japanese force was setting out by motor-transport that the Soviet authorities agreed, with a bad grace, to place three trains at the disposal of the Japanese military authorities, on the understanding that the troops would not proceed by rail farther Eastwards than Hailin.<sup>7</sup> Whether the fighting which has recently taken place at Mutanchiang, somewhat East of Hailin, between Japanese and Chinese troops, is deemed by the Soviet authorities to have been a breach of this understanding is not clear, but gradually, as it became apparent that the Chinese enemies of the Japanese regime were starting a guerilla warfare, all restrictions in the way of railway transport for Japanese troops seem to have been tacitly withdrawn. These troops have been freely using all three branches of the Chinese Eastern Railway radiating from Harbin, in their operations against the forces of Generals Ting Chao, Li Tu, Ma Chan-shan, and Wang Teh-lin.

4. The reason originally given by the Japanese Government for the despatch of an expeditionary force to Harbin and thence Eastwards was the protection of Japanese (including Korean) lives and property against *immediate* danger; but since the extension of the campaign to the lower reaches of the Sungari River at Fangcheng, Ilan (Sanhsing) and beyond, to Hailun on the Hulan-Hailun Railway, to Taianchun North-East of Tsitsihar, and to Chaotung West of Harbin, it was found expedient to define the objectives of these military operations in wider terms. Viscount Saito is reported to have stated on June 3rd, in his speech as Minister for Foreign Affairs in the Japanese Diet,<sup>8</sup> that the Japanese troops in Manchuria were compelled to extend their necessary co-operation to the protective functions of the new Manchurian Government against any *eventualities that might* endanger the lives and property of their countrymen, or eventuate in general disturbances on a major scale. It is not surprising therefore that in these circumstances, with the Japanese expeditionary force throwing out detachments East and North-East of Harbin to within some 90 miles of the Soviet frontier, the 'Izvestia' and other Soviet newspapers should have published diatribes against Japanese imperialism and that the Soviet Government should on several occasions have demanded from the Japanese Government assurances

<sup>7</sup> See No. 135, paragraph 2.

<sup>8</sup> Cf. *The Times*, June 4, p. 9.

that they had no aggressive designs on Soviet territory, and have asked how such activities could be reconciled with the spirit of article VII of the Treaty of Portsmouth.

5. It must indeed be mortifying to the Soviet Government to stand revealed to their own people and to the world as being prepared to go to extreme lengths of forbearance, bordering on pusillanimity, in their anxiety to avoid a conflict with Japan, who for her part appears to suffer from no corresponding anxiety. It is true that since the Russian Revolution and the renunciation by the Government at Moscow of territorial ambitions in North Manchuria, the importance of the Chinese Eastern Railway to Russia has diminished; and that in 1919 Mr. Karakhan, Vice Commissary for Foreign Affairs, in his anxiety to cultivate the friendship of China, went so far as to declare to the Governments in North and South China that the policy of his government was to enter into treaty relations with China on a footing of absolute equality, by renouncing without compensation all rights, privileges, concessions and properties provided for in the Agreements concluded during the Czaristic regime;<sup>9</sup> but this declaration was qualified in November 1922 by M. Joffe,<sup>10</sup> who pointed out that it must not be taken to mean that Russia had renounced all her interests in the Chinese Eastern Railway; and later the Sino-Soviet Agreements of 1924<sup>11</sup> definitely gave the Chinese and Soviet Governments joint interests in the railway, to the exclusion of other governments. Finally, the Sino-Soviet conflict of 1929<sup>12</sup> shewed clearly that there was a point beyond which the Chinese authorities could not go with impunity in flouting the rights of the Soviet Union. Nevertheless, when the Japanese Government, in pursuit of their policy of bringing the whole of Manchuria under their aegis, found it necessary to use the Chinese Eastern Railway for strategic purposes, the Soviet Government, after a few contortions, gave their consent, declaring dramatically at the same time in the Press that though they had no desire to occupy the territory of others, they would not yield one foot of Soviet soil. In fact, the position was not unlike that of one who seeing a trespasser on his ground and being afraid to attempt to eject him, exclaims in a loud voice that on no account will the intruder be allowed to enter the house.

6. On the other hand the course of events in North Manchuria during the last nine months must be gratifying to the military party in Japan. From Ssupingkai and Changchun their troops have penetrated to Tsitsihar, Taianchen and Hailun in the North, to I-Lan (Sanhsing) and Hailin on the North-East. *Tsitsihar* was occupied on the 19th November last; *Harbin* on the 5th February of this year; *Hailin* on the 4th March and *Ninguta* (Ning-An) two days later, since when the Eastern branch of the Chinese Eastern Railway has been the scene of sporadic warfare, many stations such as *Imienpo*, *Asiho*

<sup>9</sup> See Degras, vol. i, pp. 158-61.

<sup>10</sup> Soviet representative in China; for his declarations in November 1922, cf. Volume VIII, Appendix I, paragraph 9, and *The China Year Book 1923*, p. 625.

<sup>11</sup> Cf. Volume VIII, Appendix I, notes 6 and 7.

<sup>12</sup> See Volume VIII, Appendix I.

and *Maerhshan* having changed hands several times and through-traffic on the line having been suspended for weeks at a time. *Fangcheng*, East of Harbin on the Sungari River, was captured on the 4th April and again, after changing hands, on the 7th May; *I-Lan* (San-hsing) was taken on the 17th May; *Sungpuchen* on the North bank of the Sungari opposite Harbin between the 18th and 23rd May; *Hulan* on the 24th May and *Hailun* on the 1st June; *Taianchen*, North-East of Tsitsihar on the 26th May, and *Chaotung* 70 miles West of Harbin on the 29th May.

7. In other directions the Japanese have been consolidating the position which their boldness and foresight have won for them in North Manchuria. Japanese advisers have been appointed to the chief government offices, the most important of these being perhaps Mr. Kato, who has been attached to the office of the Superintendent of Customs. The Customs staff is still retained, and duties collected are still paid into the Bank of China, but are transferred by that Bank to the Bank of the Three Eastern Provinces, which is under the control of the new Manchurian Government.<sup>13</sup> That Government, or rather the Japanese authorities who are directing them, are still hesitating before taking drastic measures to bring the Customs Administration under their complete control. In April last (please see my despatch No. 36<sup>14</sup> of the 22nd April), they were provisionally offering posts in the Customs service at Harbin to various persons, mostly Russians, who had been formerly in the service but had been dismissed for one reason or another. The inducement held out was a five years' contract, and it seemed not unlikely that the present Customs staff would in the near future either resign or be dismissed. Quite recently a member of the Manchurian Government informed the Commissioner of Customs here that it was their intention to appoint an 'Inspector-General of Customs for Manchuria,'<sup>15</sup> but the latest information available indicates that this step will not now be taken.

8. The relations of the new Government with the Chinese Postal Administration at Harbin remain as reported in my despatch No. 26<sup>14</sup> of the 7th April last. The staff is retained, and so far as is possible under the present chaotic conditions prevailing in the interior business is conducted as usual, but the Postal Commissioner informs me that the state of warfare which has prevailed in North Manchuria for so many months has resulted in a dislocation of postal communications, and that the service is at present carried on at a loss. For this reason, if for no other, the Manchurian Government may well be reluctant to assume control of the postal administration.

9. A new province, known as the Hsing An, or Hing An, Province has been created by the Manchurian Government under Japanese direction out of the former Hing An Military Colonization District with the addition of *Barga* (Hulunbor), the remaining portion of the Confederation of *Cherim*

<sup>13</sup> Sir J. Pratt minuted on the file: 'The statement in Para. 7 about Customs revenues must, I think, be a mistake. Peking telegram No. 325 of June 8 [No. 406] said that the funds were being paid into a suspense account. They were not actually seized by Manchukuo till about a fortnight later [cf. No. 444 below]. J. T. Pratt 6/7.'

<sup>14</sup> Not printed.

<sup>15</sup> See No. 398.

and (it seems) the Confederation of *Chao Wu Ta* (see the despatch from the Commercial Secretary at Harbin to H.M. Legation No. 21<sup>6</sup> of the 6th April 1932). The province is divided into three parts or sub-provinces, North, East and South, of which the administrative control appears to be situated respectively at *Hailar*, at *Pu Hsi* near the Nonni river North of Tsitsihar, and at the headquarters of Prince *Ta-Erh-Han*, about 30 miles North of T'ungliao. On the 6th June a deputation of Mongol chieftains left Hailar, with a Japanese escort, by rail for the capital of the new Manchurian State at Changchun, to pay their respects to the head of the State, Pu Yi, the former Emperor of China. An Edict issued on the 30th March by the Manchurian Government appointed the following Mongol chieftains to be governors of their respective sub-provinces:— *North*, Ling Sheng, *East*, E-Lo-Ch'un, *South*, Yeh-Hsi-Hai-Shun; and Prince Ch'i was appointed Governor of the whole Province of Hin-An.

10. The atmosphere of transparent unreality in which, under cover of the new Manchurian State, the Japanese have been extending their influence in Manchuria, would be oppressive to many governments in the West, but in the East conventional fictions are of wider range and appear to be not only tolerated but appreciated. Otherwise it would be difficult to understand how the Japanese Government, in their reply to the Chinese Government's Note of the 24th March last, as reported in the Press, could have denied that they were in any way connected with the new regime in Manchuria or had been in any way responsible for its appearance.<sup>17</sup> There can be few foreigners or Chinese in Manchuria who have any doubt that the whole fabric of the new regime was set up by the Japanese authorities in accordance with a carefully prepared scheme, or that it would instantly collapse were Japanese support to be withdrawn. In this view of the matter there is nothing startling in appointments such as that of Mr. Ohashi, lately Japanese Consul-General at Harbin, to be Vice-Minister of Foreign Affairs in the government at Changchun; or that of Mr. Sugihara, formerly a Secretary in the Japanese Consulate-General at Harbin, to be Head of the North Manchurian Bureau of Foreign Affairs at Harbin. The contention that the Manchurian Government has been established by the free will of the people of Manchuria requires no comment in the face of the warfare in which Japanese troops in Manchuria, estimated at from 40,000 to 60,000, have been engaged for many months in the attempt to impose the new régime on its opponents. There are now many indications,—of which perhaps the most significant is Viscount Saito's statement in the Imperial Diet on the 3rd June that he believed it was no longer possible to ignore the existence of the new State,—that the Japanese Government intend soon to come out into the open and officially to recognize Manchoukuo as a State independent of the Chinese Government.

11. I have recently had conversations with my Soviet and Japanese colleagues on the present situation in North Manchuria. In view of the recent arrest of many Soviet citizens at Harbin and of their alleged maltreatment

<sup>16</sup> Not printed.

<sup>17</sup> Cf. No. 185.

by the Japanese and Chinese police whilst undergoing examination; of the open allegations made by the Japanese-owned local newspaper 'Harbinskoe Vremya' against the Soviet Consulate-General here of complicity in the plots of dynamiters in North Manchuria (please see my telegram No. 54<sup>18</sup> of the 2nd May); of the dispute about the removal of rolling-stock of the Chinese Eastern Railway to Soviet territory; of the attempt to prevent the export of grain to the Maritime Province; and of other causes of friction referred to above, I was surprised to find that Mr. Slavutsky spoke with marked moderation of Japanese activities in North Manchuria, and appeared even anxious to find excuses for some apparently unfriendly acts. He seemed to think that the danger of an outbreak of hostilities between his country and Japan was remote, but admitted that the actions of a section of the military party in Japan gave cause for anxiety. I inquired as to the report that an agreement had been reached between the Soviet and Manchurian Governments for the appointment of Manchoukuo Consuls at Vladivostok, Habarovsk, Blagovestschensk and Chita.<sup>19</sup> Mr. Slavutsky said that negotiations were in progress; that the Nanking Government's Consul at Blagovestschensk, after his indiscretion in sending a telegram from the Chinese Consulate there on behalf of General Ma Chan-shan to the League of Nations Commission of Inquiry<sup>20</sup> (please see my telegram No. 49<sup>21</sup> of the 22nd April) had been deprived of the privilege of sending telegrams in code, and that he would probably soon be withdrawn. The Nanking Government's Consuls at Vladivostok, Habarovsk and Chita would also have to withdraw as soon as the Soviet Government formally recognised the appointment of Manchoukuo Consuls to those places. In reply to my inquiry whether this agreement could be considered a recognition of the new Manchurian Government by the Soviet Government, Mr. Slavutsky said that *pro tanto* it was of course recognition, but could not be deemed to be a formal recognition of the full status of a separate State.

12. The Acting Japanese Consul-General, Mr. Nagaoka, was also very moderate in the tone of his remarks, and said that he thought there was no serious illfeeling between his government and the Soviet government. When I asked him how it was that with so strict a censorship of the Press as that existing at Harbin, the Japanese Military Authorities had allowed the 'Harbinskoe Vremya' to publish a violent attack on the Soviet Consulate-General here in connexion with the attempt to blow up a bridge and the derailment of a train on the Chinese Eastern Railway, he replied that that newspaper, though Japanese-owned, was published in the Russian language and expressed the views of 'White' Russians; it was very difficult to check every article that was published. Mr. Nagaoka, like his Soviet colleague, treated the newspaper reports of impending hostilities between the Union and Japan very lightly, and said, in reply to a question from myself, that he had no knowledge that the Chinese troops who were keeping up a guerilla warfare in North Manchuria were being supplied with arms or ammunition

<sup>18</sup> See No. 328.

<sup>19</sup> Cf. No. 390.

<sup>20</sup> Cf. No. 254, note 4.

<sup>21</sup> This telegram does not appear to have been repeated to the Foreign Office.

by Soviet Russia. I suggested that if the Japanese troops continued to advance East and North East they would draw so close to the Soviet frontier that the Soviet Government might be compelled to ask them to call a halt. Mr. Nagaoka said that that might be so, but the contingency had not arisen and was not likely to arise.

13. I have received the impression from these conversations and from the attitude generally of the local Soviet and Japanese authorities that neither government intends to allow itself to be stampeded by the present Press campaign into taking any precipitate action; and that for their part the Soviet Government are anxious to avoid an armed conflict with Japan at almost any cost,—in fact that nothing short of an actual invasion of Soviet territory will be deemed to be a *casus belli*.

I have, &c.,  
C. F. GARSTIN

#### No. 414

*Mr. Ingram (Peking) to Sir J. Simon (Received June 14, 5.49 [? p.m.])*  
*No. 335 Telegraphic [F 4850/1/10]*

PEKING, June 13, 1932<sup>1</sup>

Your telegram No. 112.<sup>2</sup>

Prior to its receipt I had forwarded to you on June 1st via Siberia copy of despatch from Shanghai No. 194<sup>3</sup> of May 19th gist of which is given in my immediately following telegram.<sup>4</sup> At my request Mr. [sic]<sup>5</sup> Brenan has brought situation disclosed therein up to date in his telegram No. 146 repeated to Foreign Office in my telegram No. 337.<sup>6</sup>

2. Local information supports view that boycott has considerably abated. Large quantities of dumped Japanese goods are now . . .<sup>7</sup> more difficult than ever for other foreign goods to compete.

<sup>1</sup> The time of despatch is not recorded.

<sup>2</sup> Not printed. This telegram of 5.30 p.m. on June 9 requested Mr. Ingram to 'report by telegram to what extent boycott and anti-Japanese agitation have ceased in Shanghai'.

<sup>3</sup> Not printed, a copy was transmitted under Peking formal despatch No. 630 of June 1, received June 21.

<sup>4</sup> No. 420.

<sup>5</sup> Mr. Brenan had become a K.C.M.G. in the King's Birthday Honours on June 3, 1932.

<sup>6</sup> No. 421.

<sup>7</sup> The text is here uncertain. It was suggested on the filed copy that the passage should read: 'now making it more difficult'.

*Sir J. Brennan<sup>1</sup> (Shanghai) to Mr. Ingram (Peking)*  
*No. 147<sup>2</sup> Telegraphic [F 4862/1/10]*

SHANGHAI, June 13, 1932

My telegram No. 139.<sup>3</sup>

Chinese authorities yesterday informed Japanese that they proposed to send several regiments of troops from Hangchow via Shanghai-Nanking Railway to Anhui for bandit suppression. Japanese contended that this would infringe article 2 of Armistice Agreement and they brought matter before full meeting of Joint Commission this morning. Chinese delegates argued that article II only referred to troops actually engaged in recent hostilities and did not prevent other troops passing through area designated in . . .<sup>4</sup> one for no hostile purpose.

After considering question amongst themselves the neutral delegates reached unanimous decision that article II provided an area within which there should be no movement of any Chinese troops and that outside of that . . .<sup>5</sup> no hostile movement of troops in the vicinity of Shanghai. Any doubts in this respect to be investigated by neutral delegates. Japanese accepted this decision which meant that transport of troops by Shanghai-Nanking Railway was prohibited under agreement. Chinese delegates said that they would refer to their government.

Neutral delegates further decided that Chairman should suggest privately to Japanese delegates that if Japanese authorities were satisfied that there was no hostile intention behind this proposed troop movement they should as a conciliatory gesture allow it to be carried out. Japanese replied that since question of principle had been decided in their favour they were willing to recommend this suggestion to Tokyo. Chinese authorities have not yet been informed of this action by Chairman for fear of distortion in Chinese press.<sup>6</sup>

Repeated to Foreign Office No. 70 and Mission.

<sup>1</sup> See No. 414, note 5.

<sup>2</sup> Repeated by wireless as Shanghai No. 70 to the Foreign Office (received at 9.30 a.m. on June 15).

<sup>3</sup> No. 392.

<sup>4</sup> The text is here uncertain. The word 'Annexe' was subsequently added in another text of the telegram.

<sup>5</sup> The text is here uncertain. Another text of the telegram was amended to read: 'outside of that area there should be no'.

<sup>6</sup> Sir J. Brennan's telegram No. 150 of June 15 to Peking (repeated to the Foreign Office as No. 73; received 9 p.m.) said that the Japanese Government had agreed to the transportation of Chinese troops, subject to the provision of particulars concerning units, numbers, etc. Satisfactory arrangements on these lines were being made.

No. 416

*Letter from the Japanese Chargé d'Affaires in London to Sir V. Wellesley*  
(Received June 15)

[F 4840/451/10]

JAPANESE EMBASSY, LONDON, June 13, 1932

Dear Sir Victor,

I have just received a telegram from Viscount Saito, Minister for Foreign Affairs, the English translation of which is herewith enclosed. I am sending it to you for your information.

Yours sincerely,  
HIROSI SAITO  
*Chargé d'Affaires*

ENCLOSURE IN NO. 416

*Telegraphic*

The following is the gist of a telegram received by me (Minister for Foreign Affairs) on June 11th from the Japanese Consul at Changchung:—

It has been reported in the papers abroad that the Manchurian Government is contemplating the appointment of a Japanese expert as the Inspector-General of the Customs.<sup>1</sup> The report, however, is entirely unfounded. The policy of the Manchurian Government is to establish a Central Customs office at the seat of the Government which will supervise all customs matters. There is no intention of appointing a Japanese Inspector-General.

<sup>1</sup> Cf. No. 398.

No. 417

*Record by Mr. MacKillop of a conversation with Mr. Dooman*

[F 4841/451/10]

FOREIGN OFFICE, June 13, 1932

Mr. Dooman, of the U.S. Embassy, called this afternoon and left the attached letter.<sup>1</sup> He said that Sir J. Simon & Mr. Stimson had agreed that there shd. be a full interchange of information as to any action which had been taken by H.M.G. or the U.S. Govt. in connexion with the Sino-Jap<sup>ee</sup> dispute. The letter he was handing to me was not important perhaps in itself but could be taken as an indication that the U.S. Govt. had no other information to give at the moment. He asked if we had anything of importance—or otherwise—to communicate.

<sup>1</sup> Not printed. This letter, dated June 13, 1932, was in execution of Mr. Stimson's instructions to Mr. Mellon printed in *F.R.U.S.* 1932, vol. iv, pp. 74-75.



I said that we had taken no action of any importance since I last saw him<sup>2</sup> & added a few words about the difference between our position & that of the U.S. Govt. in that we were engaged in a study of the Sino-Jap<sup>se</sup> question jointly with other nations members of the League as well as jointly with the U.S. We did however regard it as of the greatest importance to keep the U.S. Govt. informed of any step which we thought proper to take & to see that they were informed of any collective decision or action. We were bound to act cautiously and to await, before we could form a decision on many aspects of the Sino-Jap<sup>se</sup> dispute, the report of the Lytton Commission. Mr. Dooman observed in this connexion that the State Dept. had received a report from Mukden in the sense that a secretary attached to the Commission had said that the latter wd. recommend the devising of a future status for Manchuria in which the relations between Manchuria & China wd. closely resemble those formerly existing between Turkey & Egypt, and that only nominal Chinese suzerainty wd. be regarded as possible by the Commission. I said that we had no indication of the possible terms of the report. Mr. Dooman added that if the Commission did report in this sense the reaction of the U.S. Govt. wd. be interesting. I agreed.

Finally Mr. Dooman asked me how the matter stood of the Note on the Salt Gabelle which his chief was awaiting.<sup>3</sup> I said that the Secretary of State had considered the proposed draft of the Note, before leaving for Geneva,<sup>4</sup> and had expressed doubt whether the Note shd. not also deal with the subject raised in the memorandum subsequently prepared by the U.S. Embassy.<sup>5</sup> This was now being considered, and, whether the Note in its final form dealt only with our reasons for deprecating rep[resentatio]ns to the Jap<sup>se</sup> Govt. on the Salt question alone, or dealt also with the wider question of Japan's initiative in the creation & practical control of the independent State of Manchuria, I hoped that a reply wd. be sent to Mr. Mellon fairly soon.

D. MACKILLOP

<sup>2</sup> On June 6: see No. 398, note 3.

<sup>3</sup> See No. 384.

<sup>4</sup> On June 11, to attend meetings in connection with the Disarmament Conference, see Volume III, Chapter V.

<sup>5</sup> A marginal note by Mr. MacKillop here read: '(viz. the conclusive evidence which the U.S.G. consider that they have collected of Japan's responsibility for and control of the newly created State)'; cf. No. 409.

## No. 418

*Mr. Ingram (Peking) to Sir J. Simon (Received June 14, 6.45 p.m.)*

*No. 338 Telegraphic: by wireless [F 4851/1/10]*

PEKING, June 14, 1932

Following received from Shanghai telegram No. 144 11th June, begins:  
Addressed to Peking, repeated to Mission No. 144.

Municipal Council has decided to cancel state of emergency as from 6 a.m.  
June 13th.

No. 419

*Mr. Ingram (Peking) to Sir J. Simon (Received June 15, 9.30 a.m.)*

*No. 333 Telegraphic: by wireless [F 4848/1/10]*

*Confidential*

PEKING, June 15,<sup>1</sup> 1932

Lord Lytton tells me that on May 26th at Dairen, Count Uchida showed him a memorandum in which Count Uchida drew the conclusion that the only solution to Manchurian problem lay in the recognition of Manchukuo as autonomous state. Count Uchida listened politely to Lord Lytton's exposition of the untoward reactions such a policy might bring about for Japan but did not seem to react to Lord Lytton's observations.

Repeated to Tokyo and Mission.

<sup>1</sup> This telegram was drafted on June 13.

No. 420

*Mr. Ingram (Peking) to Sir J. Simon (Received June 15, 9 p.m.)*

*No. 336 Telegraphic: by wireless [F 4868/1/10]*

PEKING, June 15, 1932

My immediately preceding telegram.<sup>1</sup>

Previous overt and semi-officially inspired boycott has been driven underground but various corrupt and so-called patriotic organisations are still functioning without real popular support or representative backing though words 'anti-Japanese' are no longer used to describe them. The merchants, who were never genuinely in favour of boycott, feel they have suffered enough in the cause of patriotism, while desire of their customers to buy cheap is causing Japanese goods to be imported in ever-increasing quantities. Large proportion of these is going up river where boycott is dying more rapidly, but considerable quantities are being sold locally, often surreptitiously under disguised mark. So-called 'Patriotic' organisations above-described must be an alliance of persons financially interested in promoting a boycott of their competitor's goods, often on flimsiest pretexts. Cases of direct interference with Japanese goods for the purpose of blackmail, under the guise of patriotism, have also become more frequent with the withdrawal of Japanese troops.

(2) There is still a strong anti-Japanese feeling and while this continues possibilities of boycott on large scale will always be present but short of some unfor[e]seen incident fear of further reprisals on the part of the Japanese, together with growing disinclination of merchants to prolong a state of affairs unprofitable to themselves, will probably check any serious extension of agitation.

<sup>1</sup> No. 414.

(3) Japanese themselves are making every effort to get back to normal conditions, as is shown by return of Consular officers to the Yangtse ports temporarily evacuated. Japanese Press Agencies do not allow to pass unnoticed any . . .<sup>2</sup> keep boycott alive.

<sup>2</sup> The text is here uncertain. The corresponding passage of Shanghai despatch No. 194 to Peking (cf. No. 414, line 3) here read: 'any attempts to keep'.

#### No. 421

*Mr. Ingram (Peking) to Sir J. Simon (Received June 15, 4.15 p.m.)*

*No. 337 Telegraphic: by wireless [F 4863/1/10]*

PEKING, June 15, 1932

Following received from Shanghai:—

Addressed to Peking No. 146, repeated to Mission.

Your telegram No. 104.<sup>1</sup>

Anti-Japanese agitation has diminished since my despatch No. 194<sup>2</sup> was written. Japanese Consul tells me that although there have been isolated attacks on Japanese citizens and that a number of political societies are trying to keep up the agitation by sending threatening letters to Chinese dealers in Japanese goods, local officials are doing what they can to discourage this. He admitted that Japanese firms were beginning to resume business and that the 'atmosphere was better'.

I have noticed there is marked absence of anti-Japanese propaganda in the Chinese press.

Commercial Counsellor states as follows, begins.

Volume and strength of propaganda is considerably diminished. Reported on good authority Chinese buyers have resumed visits to Japan. Japanese goods not conspicuously labelled increasingly offered and dealers beginning to buy. Certain British fabrics recently enjoying sale at normal prices now being supplanted by cheaper Japanese goods. Japanese official report from Tokyo states May total exports yen 103 millions, April yen 92 million and that in May trade to China showed gradual increase. Opinion widely held in Shanghai commercial circles is that boycott steadily easing.<sup>3</sup>

Ends.

<sup>1</sup> This Peking telegram to Shanghai was evidently not repeated to the Foreign Office.

<sup>2</sup> See No. 414, line 3.

<sup>3</sup> For a statement relating to the easing of the boycott made by Mr. Eden in the House of Commons on June 23, see 267 *H.C. Deb.* 5 s., col. 1261.

No. 422

*Sir J. Brenan (Shanghai) to Mr. Ingram (Peking)*

*No. 151<sup>1</sup> Telegraphic [F 4879/451/10]*

SHANGHAI, June 16, 1932

My telegram No. 140.<sup>2</sup>

*Confidential.*

Inspector General of Customs has received following telegram from Dairen Commissioner of Customs.

Begins.

Received another despatch from Manchurian Ministry of Finance dated June 12th ordering me to remit Dairen Customs revenue to the Three Eastern Provinces Bank instead of to Shanghai saying that his Government will consider my disobedience as an expression of my hostile intentions and will take such measures as they deem suitable and effective.<sup>3</sup>

Ends.

I understand that Nanking Government have not yet decided on the reply. Repeated to the Foreign Office and Mission.

<sup>1</sup> Repeated by wireless as No. 74 to the Foreign Office (received at 9 p.m. on June 16).

<sup>2</sup> Not traced in Foreign Office archives.

<sup>3</sup> See also *F.R.U.S.* 1932, vol. iv, p. 83.

No. 423

*Mr. Ingram (Peking) to Sir J. Simon (Received June 17, 9.30 a.m.)*

*No. 341 Telegraphic: by wireless [F 4924/2173/10]*

PEKING, June 16, 1932

Following from Mr. Holman June 13th.

Begins.

Director of Asiatic Department at Waichiaopu informed me this morning very confidentially that it was the intention now although no action has apparently yet been taken, to instruct Motchoto<sup>1</sup> to proceed to Moscow to negotiate non-aggression pact. It was thought diplomatic relations would in the event of a pact being concluded be automatically resumed. No decision has been taken as regards . . .<sup>2</sup> of above-mentioned negotiations. Director impressed on me that in taking this step Chinese Government had no communistic designs and would in fact, if relations were resumed, take all possible steps against any communist danger. I gather from the conversation that the main idea at the back of the mind of the Chinese Government is by offering to negotiate a pact to secure now the moral support of Soviet Russia and thus counteract intrigues and ambitions of Japan.

<sup>1</sup> Amended on the filed copy to 'Motchui'. According to a Kuo Min News Agency report of June 12 he was 'recuperating in Italy'; cf. No. 133.

<sup>2</sup> The text was here uncertain. Another text of this telegram read: 'regards resumption of'.

No. 424

*Sir J. Brennan (Shanghai) to Mr. Ingram (Peking)*  
*No. 156<sup>1</sup> Telegraphic [F 4929/1/10]*

SHANGHAI, June 17, 1932

My telegram No. 147.<sup>2</sup>

Chairman of Joint Commission received semi-official communication from Chinese delegate that Chinese Government did not accept our interpretation of Article 2 and claimed that proposed troop movement by Shanghai-Nanking railway did not contravene agreement either in spirit or in letter.

At my suggestion Chairman replied on behalf of neutral members of the Commission that non-acceptance by Chinese Government of our interpretation did not alter our decision and if they disregarded it they must do so at their own risk.

Chairman has since been informed privately by Chinese delegate that although Chinese Government do not agree with our interpretation they will abide by it and are in fact making satisfactory arrangements with Japanese for transport of troops as reported in my telegram No. 150.<sup>3</sup>

Repeated to Foreign Office and Mission.

<sup>1</sup> Repeated by wireless on June 17 as No. 76 to the Foreign Office (received at 8 p.m. on June 19).

<sup>2</sup> No. 415.

<sup>3</sup> See *ibid.*, note 6.

No. 425

*Sir J. Brennan (Shanghai) to Mr. Ingram (Peking)*  
*No. 157<sup>1</sup> Telegraphic [F 4928/1/10]*

SHANGHAI, June 17, 1932

My telegram No. 136.<sup>2</sup>

Japanese naval landing forces have now withdrawn to positions occupied before January 28th with the exception of area 4 west of Hongkew park and of small detachments stationed in Japanese cotton mill at Woosung and college on west of Shanghai.

With termination of state of emergency British troops have also been withdrawn to their previous positions on west of settlement.

Repeated to Foreign Office and Mission.

<sup>1</sup> Repeated by wireless on June 18 as No. 77 to the Foreign Office (received at 9 p.m.).

<sup>2</sup> No. 387.

No. 426

*Record by Mr. MacKillop of a conversation with the Chinese Chargé  
d'Affaires in London*

[F 5203/1/10]

FOREIGN OFFICE June 17, 1932

*Round Table Conference*

The Chinese Chargé d'Affaires, who called today on another matter,<sup>1</sup> said that he had been further instructed to define his Government's attitude with regard to the proposed Round Table Conference. In limiting their acceptance of a Conference at Shanghai to one solely dealing with the restoration of peace in that area, (cf. the Chinese Delegate's letter to the Secretary-General of the League of Nations of March 2nd, 1932, in F 2208/1/10),<sup>2</sup> the Chinese Government had had in mind the necessity of terminating hostilities in that area by emergency measures. The limited Conference which they then had in view had in effect been rendered unnecessary by the armistice negotiations which had ended in the agreement concluded at Shanghai: they would however be prepared to participate in a conference of wider scope, but would insist that the question of Manchuria as well as questions connected with Shanghai, should be discussed at such a conference.<sup>3</sup>

D. MACKILLOP

<sup>1</sup> See No. 442 below.

<sup>2</sup> Not here printed. See *L.N.O.J.*, March 1932, p. 928.

<sup>3</sup> The following minutes were attached to this Record: 'The introduction of Manchuria is presumably a dodge to escape from a conference, as the Chinese must know that Japan will never agree to it. But it is directly contrary to the terms of the Chinese acceptance of the proposal. On the other hand there is force in the contention that the armistice negotiations have really made a conference unnecessary. However we are committed to one if Japan insists. C. W. Orde 24/6.'

'I have been approached by one or two M.P.'s with the query whether we were advising Japanese Govt. to drop the Round Table Conference. I have denied this and explained that our negotiation related to proposal of Japanese Govt. for conference in Tokyo *without* the Chinese. This has satisfied the inquiries for the time being. A. E[den] June 27.'

No. 427

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 18, 9.30 a.m.)*

*No. 262 Telegraphic [F 4916/1108/10]*

TOKYO, June 18, 1932, 10.31 a.m.

My telegram No. 258.<sup>1</sup>

Representative of the Foreign Office informed Diet committee June 6th that though logically Chinese were responsible Japanese might compensate foreigners in Shanghai in specially deserving cases.

Repeated to Peking.

<sup>1</sup> This telegram of June 15, not printed, reported that the Diet had authorized a loan of 5 million yen which, according to the press, would be applied to the relief of Japanese losses resulting from the fighting at Shanghai.

*British Delegate (Geneva) to Sir J. Simon (Received June 22)*

*No. 179 [F 4974/1/10]*

GENEVA, June 19, 1932

The British Delegate to the League of Nations presents his compliments, and has the honour to transmit copies of the undermentioned document.

<i>No. and Date</i>	<i>Subject</i>
Sir Eric Drummond	Record of Interview with Dr. Yen, concerning possible prolongation of six-months' period, and recognition of Manchukuo Govt. by Japanese. <sup>1</sup>

ENCLOSURE IN NO. 428

*Record of Interview:*

GENEVA, June 18, 1932

Dr. Yen came to see me this morning and told me that while the Chinese Government did not offer any opposition to some prolongation of the six months' period, they were disappointed and somewhat alarmed at the necessity for the prolongation. This was particularly the case because they were anxious about the possible recognition of the Manchukuo Government by the Japanese, and the taking over by that Government of the Customs. Dr. Yen expressed the opinion that these two events would be very serious, and indeed, if either of them happened he thought that the position ought perhaps to be considered by the Committee of Nineteen when it met next week. Had I any information on the subject which he could telegraph to Nanking to tranquillise his Government?

I replied that I had really no special information, but that I realised the seriousness of the possibilities he had mentioned. Indeed, I had taken action privately with a view to doing what was possible to prevent the recognition of the Manchukuo Government, but, of course, I could not say whether the steps taken would be effective. At any rate, these two events, if they happened, could not change the necessity for a prolongation of the six months. It was clear that the Assembly could not consider the matter until the report from the Lytton Commission had been received.

Dr. Yen said that this was so, and he realised the necessity for prolongation, but he was anxious that it should be made as short as possible, as months, and even weeks, counted in present circumstances, since extra time gave the Japanese more opportunities of consolidating their position in Manchuria. He personally did not think that this consolidation had been very successful up to now.

<sup>1</sup> For an earlier conversation on this subject between Sir E. Drummond and Dr. Yen, see No. 410, note 4.

I replied that I quite agreed that the prolongation should be as short as was reasonable. I explained again to Dr. Yen that the suggestion would be that the Committee of Nineteen, when it met to consider the Lytton Report, should at the same time decide the exact duration of the prolongation. I felt sure that he could rely on the Committee of Nineteen not to prolong the period unduly.

Dr. Yen asked me when I calculated the Assembly would consider the Report? I replied that I was sure that the Assembly could examine the Report in November, and indeed, I had suggested, as he knew, that the limit of the prolongation should be four months.

Dr. Yen then asked me whether it would be possible to convoke the Special Assembly in November. I replied that there ought to be no difficulty, particularly as it seemed almost certain that the Disarmament Conference would still be meeting in some form or other in the autumn.

Dr. Yen promised to telegraph again to his Government this evening, and he hoped to let me have a definite reply on Monday.<sup>2</sup> He did not anticipate any further difficulties in view of the conversation which we had had.

<sup>2</sup> June 20.

#### No. 429

*Mr. Ingram (Peking) to Sir J. Simon (Received June 20, 9 a.m.)*

*No. 352 Telegraphic [F 4930/451/10]*

*Immediate*

PEKING, June 20, 1932, 5.50 a.m.

Minister of Finance who arrived Peking yesterday<sup>1</sup> with Minister for Foreign Affairs and C. W. Wang to see League Commission, came to see me this afternoon to say he had just heard from Inspector General of Customs that managers of Bank of China and Yokohama Specie Bank at Dairen whose<sup>2</sup> Customs funds were deposited had informed local Commissioner of Customs that these Banks would no longer remit funds to Shanghai. They appear to have given no reason for their action and Doctor Sung has confined himself for the moment to instructing Commissioner to deposit funds in Hongkong and Shanghai Bank at Dairen for remission to Shanghai.

(2) Dr. Sung spoke of the injury this action would do to foreign bondholders<sup>3</sup> while to China, at this particular moment when despite most adverse circumstances he was just able to make both ends meet, loss of Dairen

<sup>1</sup> This telegram was drafted on June 19.

<sup>2</sup> It was suggested on the filed copy that this word should read 'where'.

<sup>3</sup> Mr. Ingram reported in his telegram No. 365 to the Foreign Office of June 23 (received 9.30 p.m.) that a reply had just been received to the strongly worded reminder, addressed by Sir M. Lampson to the Waichiaopu on May 13, with regard to continued defaults in the payment of loans on the Tientsin-Pukow Railway. The reply quoted 'a communication from Ministry of Finance to Ministry of Railways to the effect that customs revenues cannot be allocated as security for these loans and that bondholders must wait till definite arrangements have been made for adjustment of all their debts on a comprehensive basis'.



revenue would be disastrous [*sic*] and could only be remedied by doubtful expediency of fresh internal borrowing and even this might well prove a failure. He appealed to our interest in Customs and referred to former advice given to Chinese Government to wink an eye provided integrity of administration could be maintained.<sup>4</sup> Action of Dairen Banks however created new situation. He spoke at one moment of withdrawal of Customs staff.

3. I told him, as my personal opinion, latter measure would be ill-advised and would put China in the wrong. If a crisis was to be precipitated let it be the Japanese who did so. Present issue was a direct one between China and Japan as Dairen Customs procedure was subject to bilateral Sino-Japanese agreements. The red herring of Manchuria could not be hauled across the trail. For the moment however it seemed to me that he should try and find out a little bit more what was at the back of Banks' action and draw from them some admission as to authority on whose instructions they profess to be acting. Dr. Sung fears this move is preliminary to Japanese sovereignty of Manchuria<sup>5</sup> when funds thus held in restraint by Banks in question will be handed over to new State to bolster up its serious financial situation.

Repeated to Tokyo, Shanghai, Mission, Mukden, Harbin and Dairen.

<sup>4</sup> Cf. No. 178, paragraph 13.

<sup>5</sup> The three preceding words were subsequently amended on the filed copy to read: 'recognition of Manchukuo'.

#### No. 430

*Mr. Ingram (Peking) to Sir J. Simon (Received June 20, 9 p.m.)*

*No. 353 Telegraphic: by wireless [F 4967/27/10]*

PEKING, June 20, 1932

In general conversation Minister of Finance spoke optimistically of situation of Nanking government. Its prestige had been strengthened by recent diplomatic success over Shanghai crisis and by the fact of continued collaboration between two schools of thought in the party as represented by Wang Ching-wei and Chiang. He himself had managed to balance the budget without further internal borrowing and his recent resignation with manifesto<sup>1</sup> accompanying it was designed by him as a bombshell to bring people to realise the necessity for retrenchment and abandonment of civil war. It would henceforward be his policy to try and induce the government to concentrate on development of Yangtse valley [? and] to interfere less and less in affairs of outlying provinces (and he instanced Nanking's abstention from interference in the struggle between Admiral Chen Chitang<sup>2</sup> at Canton).

<sup>1</sup> For this statement of June 11, see *The China Year Book 1933*, p. 472.

<sup>2</sup> The preceding passage was subsequently amended to read: 'between Admiral Chan Chak and Marshal Chen Chi-tang' i.e. between the commanders of the Navy and of the First Army Group at Canton. Cf. No. 546 below, note 1.

By limiting their responsibilities they would conserve if not increase their potentialities. If nothing intervened, such as seemed threatened at Dairen—see my immediately preceding telegram<sup>3</sup>—when other nations of the world emerged from prevailing depression China might be one of the few with a balanced budget and unimpaired credit and would be able to borrow in the world's markets on favourable terms (*sic*)<sup>4</sup> for development of her resources of reconstruction and defence. Instead of her present army of two million she should aim at a force of one quarter of that size but properly trained and equipped.

As regards Manchurian problem he was frankly pessimistic and saw no solution until a change of heart occurred in Japan, when he prophesied sooner or later a revolution. Until that eventuated there was no hope of a settlement by direct negotiation or otherwise, no matter what form League's report might take.

The above conversation took place in the presence of Lord Lytton.<sup>5</sup>  
Repeated to Mission and Tokyo.

<sup>3</sup> No. 429.

<sup>4</sup> Thus on filed copy.

<sup>5</sup> Sir J. Pratt minuted: 'To the Chinese mind appearance is more important than reality. If they can put up a brave show during the five or ten minutes that a dramatic situation lasts nothing else matters. Reading between the lines it is obvious that the area wherein the Chinese Government exercises real authority is shrinking rapidly. J. T. Pratt 22/6.'

#### No. 431

*Mr. Ingram (Peking) to Sir J. Simon (Received June 21, 9.20 a.m.)*

*No. 354 Telegraphic: by wireless [F 4952/2173/10]*

PEKING, *June 20, 1932*

My telegram 341.<sup>1</sup>

Minister for Foreign Affairs informed Mr. Holman . . .<sup>2</sup> that although Chinese Government had in principle decided to resume relations with Russia no step official or otherwise had yet been taken to implement that decision. He emphasised that government's decision was prompted in no way by the state of Sino-Japanese relations but by desire of China to cultivate friendly relations with a neighbouring State.

In reply to enquiry as to how His Majesty's Government would regard this decision Mr. Holman said he was without any expression of their views.

<sup>1</sup> No. 423.

<sup>2</sup> The text is here uncertain. Another text of the telegram here read: 'June 17th'.

*Mr. Ingram (Peking) to Sir J. Simon (Received June 20, 9 p.m.)*  
*No. 355 Telegraphic: by wireless [F 4950/451/10]*

*Immediate*

PEKING, June 20, 1932

My telegram No. 352.<sup>1</sup>

Mr. Yano who is temporarily in charge of Japanese Legation called this afternoon. He said that Manchurian Government were preparing to take drastic action with regard to Customs. As this seemed likely to jeopardize integrity of Customs administration which Japanese Government as well as other foreign governments were interested in preserving he had been instructed by his government to approach British American and French representatives with a view to persuading Chinese to come to an agreement with Manchurian Government whereby surplus revenues (i.e. after payment of administrative expenses and foreign loan and indemnity quotas) of Manchurian Customs would be handed over to Manchurian Government in return for promise to maintain integrity of Customs. In reply to my enquiry he said that arrangements would have to include Dairen.

2. I suggested that what in fact Japanese Government wanted was that the four Powers should come to an understanding with a view to bringing pressure on Chinese Government to enter into such an agreement and he admitted that this interpretation was substantially correct. I said that the matter was certainly delicate and it was difficult to know how to go about it as the Chinese reaction to any such suggestion would probably be that any agreement with Manchurian Government on the subject of Customs would be tantamount to recognition of that Government. Mr. Yano said that arrangement might be of a tacit nature without any formal agreement: it might be sufficient for Inspector General of Customs to let Manchurian authorities know unofficially that they could retain Customs surplus.<sup>2</sup>

3. I said that all I could do was to refer the matter to my Government and that I would do so without delay but I would strongly advise against any precipitate action on the part of the Japanese or Manchurian Governments before the Governments which were now being approached had had time to examine all the implications of the present *démarche*. Yano said the matter was very urgent and he asked when I expected to get a reply. I expressed the hope that we would not be faced with a *fait accompli* which would destroy

<sup>1</sup> No. 429.

<sup>2</sup> In a more detailed account of this interview (received in the Foreign Office on August 4 as enclosure in Mr. Ingram's despatch No. 741 of June 24) it is stated at this point:

'Mr Ingram enquired what was happening at the moment about the Customs revenues in Manchuria. Mr Yano said that he was not quite sure, but he thought that the Manchoukuo Government was detaining the funds—taking steps merely to prevent them from leaving the country, but not using them—with the possible exception of Harbin. With regard to Dairen, the Manchoukuo Government thought that the Dairen Customs belonged to them. The duties were paid by the Manchoukuo people, and they did not see why the revenues should go to China.'

the fabric which we had laboriously built up. As far as the principle of maintenance of integrity of Customs was concerned, we were at one with his Government and the only question was one of method.

4. My United States<sup>3</sup> and French colleagues received similar visits from Mr. Yano and have I understand reported to their respective Governments without comment and requested instructions.

My comment follows.<sup>4</sup>

Repeated to Tokyo, Shanghai, Mission, Mukden, Harbin and Dairen.<sup>5</sup>

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 94-95.

<sup>4</sup> See No. 438 below.

<sup>5</sup> Foreign Office despatch No. 470 of July 7 to Sir F. Lindley (Tokyo) said that Mr. Sawada, the Japanese Chargé d'Affaires in London, called at the Foreign Office on June 28 and, in an interview with Sir V. Wellesley, referred to the above instructions to the Japanese Minister at Peking and 'explained that such settlement would be subject to the condition that the dismissed Japanese Commissioner at Dairen should be reinstated [cf. No. 452 below, note 5] and that the surplus revenues after meeting the service of the loans should be remitted to the new Manchurian Government'. The despatch recorded Sir V. Wellesley's remark that the Japanese Government would be acting 'in flagrant contradiction of the assurances which they had given in regard to the customs question' if they left things as they were in the event of the Nanking Government's refusal to reinstate Mr. Fukumoto or to allow the surplus revenues to go to the Manchurian Government.

### No. 433

*Mr. Ingram (Peking) to Sir J. Simon (Received August 2)*

*No. 717 [F 5901/561/10]*

PEKING, *June 20, 1932*

Sir,

I have the honour to acknowledge the receipt of your despatch number 403<sup>1</sup> of April 29th 1932 calling for my observations on a question which was asked in the House of Commons on April 7th<sup>2</sup> regarding the possibility of foreign police forces being set to work in China under the auspices of the League of Nations.

2. It is difficult to comment without impatience on a question which shows such a complete misapprehension of the nature of the problem involved. Mr. Macquisten speaks of policing China with small police forces operating each in a prescribed area. But practically the whole of China is at present infested either by bandits or by Government forces which are potential bandits and which would have to be reckoned with by an international police force. The question if it is to be solved at all must be regarded as much from its economic as its military aspects. In essentials it resolves itself into two problems, regular payment of regular troops and the finding of employment on the land or elsewhere for the rest. The 'small police forces' to be in the slightest degree effective would have to consist of many thousands of

<sup>1</sup> Not printed.

<sup>2</sup> See 264 *H.C. Deb.* 5 s., cols. 308-9.

gendarmes or even troops, and the suppression of banditry would involve operations of the same character and scale as the Boer War. Mr. Macquisten's scheme is in short fantastic and will not bear examination.

3. While I rule out an international police force for China as impracticable in any circumstances, I believe the only useful suggestion which would have any prospect of bearing fruit (—and even this is doubtful—) would be one for the loan of a strong police mission whose functions would consist in advising the government in police matters and organising and training a national gendarmerie. I would suggest that this is the line along which the Chinese should be led if opportunity offered. Neither this nor any other scheme could however be productive of any benefit unless the Chinese Government were in a position to pay the gendarmerie regularly and arm them properly. Lack of finances and lack of integrity in high places are the stumbling block in this as in most other schemes of reorganisation in China.

I have, &c.,

E. M. B. INGRAM

**No. 434**

*Mr. Eastes (Mukden) to Sir J. Simon (Received July 15)*

*No. 84 [F 5571/303/10]*

*Very confidential*

MUKDEN, June 20, 1932

His Majesty's Consul-General at Mukden presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the under-mentioned documents.

*Name and Date*

*Subject*

To H.M. Chargé d'Affaires, Peking  
No. 84 Very Confidential of June  
20th, 1932

*Postal Administration: Japanese  
'frightfulness' towards officials  
of.*

ENCLOSURE IN NO. 434

*Mr. Eastes to Mr. Ingram*

*No. 84*

*Very confidential*

MUKDEN, June 20, 1932

Sir:—

In paragraph 7 of my despatch No. 81<sup>1</sup> Very Confidential of June 15th, 1932, I had the honour to report that, in the course of his recent interview with the Changchun Minister of Communications, Mr. F. Poletti, the Commissioner of the Chinese Postal Administration here, had spoken about the exasperatingly obnoxious Japanese censorship.

2. A natural result of this censorship, which has recently been more strictly enforced than ever, is serious delay in the delivery of mails. A few

<sup>1</sup> Not printed.

days ago my French Colleague addressed an official complaint on this subject to the Postal Commissioner, who thereupon made, I have little doubt, spirited representations to my Japanese Colleague, in the hope of having the nuisance stopped. The upshot was that on the afternoon of June 16th, Mr. Poletti received a visit from a Major Naito, of the Japanese *Gendarmerie*, in charge of the censorship department, who treated him to a volley of violent abuse for the 'disrespect' of the 'accusation' lodged at the Japanese Consulate-General, which had, he declared, 'ceased to exist since September 18th of last year'; he went on to accuse the whole of the Postal Staff of being 'anti-Manchoukuo' and disrespectful to the Japanese censors, who are now supreme, as being under the orders of 'Headquarters' alone and subject to no other authority. Mr. Poletti assures me, and I can well believe it, that he found this prolonged orgy of grossly ill-mannered abuse a severe trial to his Italian temper.

3. Mr. Poletti has also permitted me to peruse, in confidence, his official report to the Director-General of Posts regarding another extremely ugly incident, which has very nearly caused a strike of the whole Chinese Staff of the Head Post Office here. On or about June 15th a message was received over one of the numerous telephones in that Office. The Chinese operator, recognising that the speaker was a Japanese, replied curtly 'Don't understand', and quite likely followed this up by insulting epithets. This caused the inevitable visitation from Japanese *Gendarmerie*, who demanded of the Commissioner the production of the offender. Naturally enough Mr. Poletti's investigation met with no success, whereupon *three* Chinese members of the Postal Staff were taken away by the *Gendarmerie*. After three hours' 'detention' they were set at liberty, and at first denied that they had been in any way maltreated. Later on, however, all three of them, separately and independently, went late at night and gave to Mr. Poletti, under pledge of secrecy, graphic and moving accounts of the brutality that had in fact been meted out to them at the *gendarmerie* station.

4. On arrival there, they were thrown savagely on the ground, kicked and beaten; they showed Mr. Poletti their fresh bruises in corroboration of their statements. One of them had a rope placed round his neck and was semi-strangled. Charged with using abusive language over the telephone, which they denied, they were then subjected to the time-honoured torture of having large quantities of water poured down their throats; after which they not unnaturally confessed themselves to be 'citizens of Manchoukuo' (please see paragraph 6 of my despatch No. 55 of April 18th).<sup>2</sup> With that, they were finally allowed to go, after being made to reveal their *home* addresses, and compelled by threats of severer penalties to swear not to divulge how they had been treated.

<sup>2</sup> This despatch (copy received in the Foreign Office on May 5) is not printed. Paragraph 6 read: 'I will avail myself of this opportunity to report a rumour, communicated to me by Mr. Poletti, that during the past few days police have been making house to house visitations to remind inmates that they are now citizens of "Manchoukuo", and that severe penalties will be meted out to those continuing to style themselves "Chinese".'

5. In the interest of these victims and their families, Mr. Poletti has been precluded from taking up their case officially through the Japanese Consulate-General, which would clearly make matters worse. He has, however, been able to acquaint the intelligent and broad-minded Vice-Consul, Mr. K. Miura (whose valuable assistance I have already reported in a number of despatches). Mr. Poletti assures me that the comment of Mr. Miura (who was formerly for some years a Member of the Staff of the Japanese Embassy in Moscow) was:— 'Why, that's worse than Soviet Russia!'<sup>3</sup>

6. The above unsavoury revelations, on top of the far more sinister disclosures in connection with the recent murder in Chientao of the German Priest Rapp,<sup>4</sup> seem to suggest that the morale of the Japanese military is suffering under the strain of postponed fruition of their ambitious schemes in Manchuria.

7. I am forwarding copies of this despatch to the Foreign Office, to His Majesty's Ambassador at Tokyo, to the Diplomatic Mission at Nanking, and to His Majesty's Consular Officers at Harbin, Newchwang and Dairen.<sup>5</sup>

I have, &c.,

A. E. EASTES

<sup>3</sup> In his despatch No. 89 of June 25 to Peking (copy received in the Foreign Office on July 15) Mr. Eastes wrote: 'It is gratifying to be able to close this despatch with the information, given me by Mr. Poletti, that the Directorate-General of the Chinese Postal Administration have at length signified in a tangible manner their appreciation of the loyal services of foreign members of the staff in Manchuria during the past nine difficult months.'

<sup>4</sup> In his telegram No. 366 of June 23 to the Foreign Office Mr. Ingram reported: 'According to despatches received from Mukden it is practically established that German Father Rapp was brutally murdered by Japanese soldiers' and that 'failure of Japanese authorities to take action against culprits appears to have been the cause of "feeling of insecurity" alleged by Lungchingsun Commissioner of Customs'; cf. No. 475 below.

<sup>5</sup> Sir J. Pratt minuted on this despatch as follows: 'I am afraid that even the suggestion put forward in Para. 6 is not a valid excuse for the Japanese. This sort of thing went on in Shantung continuously the whole time the Japanese were in occupation of Tsingtao and the railway to Tsinan. The higher command may genuinely desire to create a happy and contented Manchuria but the Japanese gendarmerie and petty officials generally are a most obnoxious breed. J. T. Pratt 19/7.'

#### No. 435

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 21, 9.30 a.m.)*

*No. 263 Telegraphic [F 4951/451/10]*

*TOKYO, June 21, 1932, 2.40 p.m.*

Mr. Ingram's telegram No. 355.<sup>1</sup>

Vice Minister for Foreign Affairs could not see me today but I will see him early tomorrow and urge Japanese Government to do what they can to restrain futile action on the part of Manchu Kuo.

<sup>1</sup> No. 432.

Considering agitation here in favour of Manchu Kuo taking over customs administration, proposal of Japanese Chargé d'Affaires strikes us as moderate. Unless Chinese tacitly and quickly accept it we believe it will be difficult for us to save integrity of administration.

Repeated to Peking.

**No. 436**

*Note from Sir J. Simon (Geneva) to Mr. R. Atherton*<sup>1</sup>

[F 4628/451/10]

GENEVA, June 21, 1932

The note I had promised to send to Mr. Mellon in my interview with him on the 30th May<sup>2</sup> was already in draft form when you were good enough to hand to me on the 8th June<sup>3</sup> the State Department's memorandum regarding evidence of Japanese initiative in the creation and practical control of the new Administration of the Independent State of Manchoukuo. I have read this memorandum with great care and interest, but decided that its contents did not affect the conclusions already formulated in my draft to Mr. Mellon, which I have now accordingly completed and despatched.<sup>4</sup> I fear, however, that this has led to some delay, which has been still further prolonged by my departure for Paris, Geneva and Lausanne.

JOHN SIMON

<sup>1</sup> Copies of this note and of No. 437 were filed in the Foreign Office on July 3.

<sup>2</sup> See No. 384.

<sup>3</sup> See No. 409.

<sup>4</sup> See No. 437 below.

**No. 437**

*Note from Sir J. Simon (Geneva) to Mr. Mellon*

[F 4628/451/10]

GENEVA, June 21, 1932

My dear Ambassador,

In our interview on the 30th May<sup>1</sup> I promised that I would send you a note containing my considered views on the question of recent developments in the Manchurian Salt Gabelle in relation to Japan's obligations under the Nine-Power Treaty.

You will remember that on the 12th March the United States Government raised the question of the integrity of the Chinese Customs Administration, and proposed that we should join in filing objections and reservations based on article 2 of the Nine-Power Treaty, which, in their view, would forbid the Japanese Government to institute or instigate an independent

<sup>1</sup> See No. 384.



Customs Administration in Manchuria.<sup>2</sup> On the 4th April Mr. Atherton called at the Foreign Office, and was informed of the reasons why His Majesty's Government deprecated taking the action suggested.<sup>3</sup> These were briefly that Japan had not in fact instituted or instigated an independent Customs Administration in Manchuria, and that if representations were made it seemed more logical that they should be made on the ground that Japan had instigated the establishment of an independent State of Manchuria.

When Mr. Stimson discussed this question again with me at Geneva at the end of April the position with regard to the Customs Administration remained unchanged, but telegrams had just been received to the effect that the Salt Gabelle had in fact been disrupted, and our information appeared directly to incriminate the Japanese advisers attached to the Salt Transportation Office in Manchuria. I therefore suggested to Mr. Stimson, in my letter to him of the 30th April,<sup>4</sup> that the action of the Manchurian authorities in regard to the Salt Gabelle might offer a better ground for representations, and I promised that I would look very carefully into the possibility of making such representations when I got back to London.

The foreign interest in the Chinese Salt Gabelle dates from 1913, when the salt revenue was made the security for a large international loan under an agreement which placed a definite responsibility for the service of the loan on the foreign Associate Director-General, and which gave to the group of lending banks the custody of and a lien upon the whole salt revenue. In 1928, by the unilateral act of the Chinese Government, this agreement was abrogated, the functions and responsibilities of the group banks and of the Associate Director-General were terminated and a new system of provincial loan quotas was instituted. This led to a joint statement by the interested Governments<sup>5</sup> protesting against the action of the National Government in varying by unilateral action the terms of international agreements, and placing full responsibility on that Government for the liquidation of all loans secured on the salt revenues whether the new scheme should be successful or not. Since 1928, therefore, there has no longer been such a foreign interest as would support a protest against interference with the Salt Gabelle. Any representations that might be made would have to be based solely on the ground that, as I stated in my letter to Mr. Stimson of the 30th April, the disruption of the Salt Gabelle constituted such a breach of the administrative integrity of China as was contemplated in article 1 of the Nine-Power Treaty.

On consulting our Ambassador in Tokyo and our Minister in Peking, I found that they had both independently formed the opinion that it would be unwise to raise the question of the Nine-Power Treaty in connexion with a subsidiary question such as the Salt Gabelle. They considered that if any

<sup>2</sup> See No. 170, paragraph 1.

<sup>3</sup> See Nos. 170 and 171.

<sup>4</sup> No. 301.

<sup>5</sup> For this protest by the British, French, and Japanese Governments on November 19 and the statement issued by the Chinese Minister of Finance on November 16, see *The Times*, November 20, 1928 (p. 16) and November 17 (p. 11) respectively.

representations were made to Japan they should be in relation to the whole structure which has been set up under her auspices in Manchuria, but they doubted whether the present was the right moment for taking action. I gather that substantially the same views are held by the United States representative in Tokyo.<sup>6</sup>

In the face of these arguments, the force of which I recognise, I am more and more impressed by the objections to which I now see my earlier suggestion is open. I have come round to the view that, if we are to make representations regarding Japan's obligations under the Nine-Power Treaty, it is desirable that the other signatories to the treaty, particularly France and Italy, should be asked to join in our *démarche*. I feel sure that they would share the view that no advantage is to be gained by preliminary nibblings at subsidiary points such as the Salt Gabelle, but that the best course is at the proper moment to face the main issue from which these lesser issues all proceed, namely, the setting up of an independent State of Manchuria.

As for when, if at all, this should be done, a special difficulty that confronts those States that are also members of the League of Nations is that, until the League's commission has reported, it would be difficult to prejudge the issue. The commission also includes an American member, and this difficulty, though it perhaps does not affect your Government to the same extent, would seem to arise in your case also.

To sum up, everything seems to point to the conclusion that the wisest course would be to defer representations under the Nine-Power Treaty until the Lytton Commission has presented its report. The report may contain material on which it would be wise to base representations, and it would in that case also provide an admirable opportunity for co-ordinating the action of the League of Nations with that of the United States of America. This would be an impressive demonstration of the solidarity of world opinion, and it would, I think, be a pity to spoil the effect by taking half measures before the time is ripe.

I hope that Mr. Stimson will feel able to share these views.<sup>7</sup>

Believe me, &c.,  
JOHN SIMON

<sup>6</sup> See Nos. 344, 354, and 356.

<sup>7</sup> This letter is also printed in *F.R.U.S. 1932*, vol. iv, pp. 108-10.

#### No. 438

*Mr. Ingram (Peking) to Sir J. Simon (Received June 22, 9 a.m.)*

*No. 356 Telegraphic [F 4989/451/10]*

PEKING, June 22, 1932, 11.4 a.m.

My telegram No. 355.<sup>1</sup>

Japanese object would seem to be to induce the Powers to help them out of the difficulty in which they find themselves in regard to customs at Dairen.

<sup>1</sup> No. 432.

Manchurian government are no doubt pressing Japanese authorities to enable them to get possession of Dairen revenue which I am informed amounts roughly to half total collections for Manchuria and Japanese government may be finding it difficult to resist. Measures reported in my telegram No. 352<sup>2</sup> indicate that they have gone so far [?] as temporarily to prevent remissions to Shanghai. But except by agreement with the Chinese they cannot actually hand over Dairen revenues to Manchurian authorities without either (1) recognising Manchuria (2) resorting to some flagrantly illegal step such as putting pressure on Customs Banks to force them to remit to Changchun; and this might evoke protests from the Powers interested in customs. They are therefore seeking our aid in obtaining the consent of the Chinese government to an arrangement which would cover the remission of Dairen revenues to Manchurian government.

2. On full consideration it seems to me that it is undesirable that we should allow ourselves to be openly involved in any way as agents or associates of Japanese in this matter and that this consideration of principle should be paramount.

3. As you know Inspector General of Customs has all along been in favour of compromise on the basis of retention of surplus revenues by Manchurian authorities in return for administrative integrity of customs, Manchuria to recognize the liability for a *pro rata* share of foreign loans and indemnities which would be provided in practice either (1) by Dairen revenue which would continue to be remitted to Shanghai or (2) by a first charge on revenue of all Manchurian customs in which case Dairen surplus revenue would also go to Manchurian government. Inspector General of Customs has been in private communication with Japanese authorities see e.g. Sir M. Lampson's despatch No. 1111 tour<sup>3</sup> and it will be noted that arrangement now proposed by Japanese is identical with his first proposal No. 2.

4. Such an arrangement would in its fulfilment be the most satisfactory solution from our point of view and we have consistently urged Chinese government *privately* to accept some such compromise but without success. This is however a different matter from joining Japanese in representations as they now propose. To do so would compromise our position with Chinese government and also weaken our case for protesting to Japanese government against any measures that they might take should such joint representations fail.

5. I submit our reply to Japanese government might be that while we are deeply interested in the integrity of Chinese Customs we do not feel able to bring pressure to bear on Chinese government to accept an arrangement which would involve their agreeing to the surrenders [*sic*] of a substantial revenue and enter[?] into negotiations however informal with Manchurian authorities whom they are unwilling to recognise and in fact that party on whom pressure should be brought is not Chinese but Manchurian government and that we are not satisfied that Japanese government cannot prevent this attack on customs integrity if they really wish to do so. We might

<sup>2</sup> No. 429.

<sup>3</sup> No. 285.

add as regards a contribution from Manchurian revenue towards service of foreign loans this should in any case . . .<sup>4</sup> assured by Dairen revenues secured on customs but if there [? these] were not sufficient we trust Japanese government would use their influence to insure that deficit was made up from other revenues collected in Manchuria.<sup>5</sup>

6. At the same time I feel that we should continue to do anything we can unofficially to prevent break up of customs and I should propose if you allow me discretion to make such further representations as I can privately (and without disclosing the fact to the Japanese) to the Chinese government in favour either of authorising Inspector General of Customs to come to an understanding with Manchurian authorities (which would clearly be a most satisfactory arrangement) or if they still will not listen to this at least to refrain from withdrawing customs staff in the event of seizure of Manchurian revenues.

Repeated to Tokyo, Shanghai and Mission.

<sup>4</sup> The text as received was here uncertain: the filed copy was later amended to read: 'case be assured'.

<sup>5</sup> In his telegram No. 361 of June 22 to the Foreign Office (received 9.30 p.m.), Mr. Ingram wrote: 'United States Minister with whom I have discussed question expresses the personal opinion that his Government will not allow themselves to be made a tool of in the manner contemplated in Japanese proposal.'

#### No. 439

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 22, 9.30 a.m.)*

*No. 264 Telegraphic [F 4970/451/10]*

TOKYO, June 22, 1932, 1.25 p.m.

My immediately preceding telegram.<sup>1</sup>

I spoke this morning to Vice Minister for Foreign Affairs who promised to use all his influence to prevent Manchu Kuo Government from taking precipitate action. I expressed personal opinion that Chinese Government would never come to any formal agreement with Manchu Kuo Government but that a tacit arrangement through Inspector General of Customs might be come to if Manchu Kuo Government were reasonable.

Repeated to Peking.

<sup>1</sup> No. 435.

No. 440

*Sir R. Vansittart to Mr. Ingram (Peking)*  
*No. 119 Telegraphic [F 4930/451/10]*

FOREIGN OFFICE, *June 22, 1932, 7.30 p.m.*

Your telegram No. 352<sup>1</sup> (of June 19th; Manchurian Customs).

Please endeavour to obtain confirmation from Shanghai and/or Dairen of statement that Banks at Dairen have refused to remit funds to Shanghai.

Inspector General of Customs telegraphed to London on June 22nd to the effect that restrictions placed by Manchukuo authorities on revenue remittances to Shanghai have seriously curtailed funds available for liquidation of foreign loans etc. secured on Customs and that no remittances for Inspector General's Indemnity Loan or other accounts had been received since the middle of April. This latter statement conflicts with information contained in your telegram No. 325.<sup>2</sup> Please ascertain and report as fully as possible and in a form suitable for use in answers to questions in the House exact facts as to present position with regard to Manchurian Customs revenues.<sup>3</sup>

Please repeat to Tokyo.

<sup>1</sup> No. 429.

<sup>2</sup> No. 406.

<sup>3</sup> See No. 452 below, and 267 *H.C. Deb.* 5 s., cols. 1078, 1456-7. In telegram No. 403 of June 28 to the Foreign Office (received 9 p.m.) Mr. Ingram said that telegram No. 10 from Dairen to Peking of June 22 had strongly supported the view that the real reason for the stopping of the remittance of customs revenue from Dairen was the pressure put upon the Commissioner of Customs, the Yokohama Specie Bank, and the Bank of China by the department of foreign affairs of the Kwantung government, in the absence of the Governor of Kwantung Province in Tokyo (cf. No. 547 below).

No. 441

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 22, 2.55 p.m.)*  
*No. 265 Telegraphic [F 5024/1/10]*

TOKYO, *June 22, 1932, 7.58 p.m.*

Mr. Ingram's telegram No. 358.<sup>1</sup>

Although I cannot be sure I am inclined to doubt the validity of Lord Lytton's suspicions. I believe Japanese desire to postpone his visit is due to the fact that Count Uchida who is to be Minister for Foreign Affairs cannot assume post before July 5th as he has work to wind up in Manchuria. In any case it is a fact that Prime Minister is genuinely unwilling to deal with any serious question of foreign policy before Count Uchida is installed.

Repeated to Peking.

<sup>1</sup> No. 443 below.

*Sir R. Vansittart to Sir F. Lindley (Tokyo)*

*No. 100 Telegraphic [F 4920/1/10]*

FOREIGN OFFICE, *June 22, 1932, 10 p.m.*

1. Chinese Chargé d'Affaires delivered message on June 17th from his Government repeating protest against Japan's action in setting up puppet government in Manchuria as breach of Nine Power Treaty and various resolutions of League Council and Assembly; recognition of new State, (fore-shadowed by Resolution which he said had been adopted in Diet), especially while Sino-Japanese dispute was still under consideration by League, would be a still further breach of these engagements; Chinese Government therefore wished to enquire whether His Majesty's Government, possibly in conjunction with other Powers, would warn Japan against taking such a precipitate step. The Chargé d'Affaires believed that a similar communication had been made at Washington,<sup>1</sup> Paris and Rome.

2. For your information, Lytton Commission also telegraphed to Sir E. Drummond on June 14th<sup>2</sup> referring to possibility of immediate recognition by Japan and enquiring whether principal members of Council have received information on this subject and whether any effective action could be taken to dissuade Japan from this step. The Commission, whose message was non-official and confidential, observed that any such action by Japan would be difficult to reconcile with her engagement 'to avoid any further aggravation of the situation',<sup>3</sup> and would reduce prospect of an early friendly settlement of Manchurian problem.

3. I agree that recognition by Japan would prove a most unfortunate and undesirable complication and should be glad if you would ascertain what are the real intentions in this matter of the Government to which you are accredited. Please report fully with regard to resolution said to have been adopted by the Diet on June 14th.

4. You should impress on the Minister for Foreign Affairs that while the Nine-Power Pact may not forbid Manchuria to declare her independence, it does impose an obligation on the signatory Powers to do nothing to encourage such action and particular care is necessary if the Japanese Government wish to avoid giving the impression that they are acting contrary to their treaty obligations.

<sup>1</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 81-82.

<sup>2</sup> Cf. *ibid.*, p. 79, for Sir E. Drummond's letter of June 15 in this connexion to the U.S. Minister in Switzerland. A similar letter was addressed to Mr. Cadogan (U.K. Delegation to the Disarmament Conference, Geneva) who was instructed in a Foreign Office letter of June 23 to communicate the substance of the present telegram to Sir E. Drummond as a preliminary reply.

<sup>3</sup> A quotation from article 2 of the League of Nations Council Resolution of December 10, 1931; for which see *L.N.O.J.*, December 1931, pp. 2374-5.

Repeated to Paris No. 83 (Saving), Rome No. 22 (Saving),<sup>4</sup> Washington No. 9 (Saving).

Please repeat to Peking.

<sup>4</sup> Sir R. Graham reported in Rome telegram No. 59 Saving of June 28 (received July 1) that the Italian Ministry of Foreign Affairs had informed him of their 'entire agreement' with the views in paragraphs 3 and 4 above.

#### No. 443

*Mr. Ingram (Peking) to Sir J. Simon (Received June 22, 9.30 p.m.)*

*No. 358 Telegraphic: by wireless [F 5020/1/10]*

PEKING, June 22, 1932

League Commission are encountering considerable difficulties regarding their project of visiting Japan in the near future. Japanese assessor has intimated to them that members of Japanese Government will be unable to talk business with them before July 7th and that if Commission arrived before that date Japanese Government will arrange for them sight-seeing trips. Commission who had originally proposed to leave today for Japan have consequently postponed their departure.

Lord Lytton is afraid this may be a manoeuvre to give time for final arrangements for recognition of Manchukuo before the commission reach Japan an eventuality which would successfully sterilize that part of commission's report which might deal with the future of the three Eastern provinces.

Repeated to Mission and Tokyo.

#### No. 444

*Mr. Ingram (Peking) to Sir J. Simon (Received June 23, 9.30 a.m.)*

*No. 363 Telegraphic [F 5005/451/10]*

PEKING, June 23, 1932, 1.10 p.m.

Following received from Newchwang June 21st., begins.

Addressed to Peking telegram No. 10, repeated to Mission, by post to Mukden, Dairen, Harbin.

On morning of June 20th new Superintendent of Customs with Japanese adviser and ten armed police proceeded to Bank of China and had all customs revenues up to June 18th paid into Eastern Provinces Bank to the amount of over half a million taels. The same day Superintendent and adviser called on Commissioner of Customs and expressed their earnest desire that nothing would be done to prejudice integrity of customs service. Commissioner informed me Chinese Government will not withdraw staff and

he anticipates no difficulty in obtaining funds for running expenses by cheques on Bank of China which still collects revenue as at present.<sup>1</sup>

<sup>1</sup> With reference to this telegram Mr. Ingram further reported in his telegram No. 369 of 1.15 p.m. (received at 9.30 a.m.) on June 23: 'This morning press reports that kindred action was taken at Antung on June 20th.' In a detailed despatch relating to events connected with the Customs in Manchuria (No. 968 of August 1, received September 21; not printed) Mr. Ingram here added: 'The Harbin revenues were already deposited in the Bank of the Three Eastern Provinces, so now the Manchurian Government had physical possession of all the funds on the remittance of which they had placed an embargo two months earlier.'

#### No. 445

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 23, 9.30 a.m.)*  
*No. 266 Telegraphic [F 5008/1/10]*

TOKYO, June 23, 1932, 1.45 p.m.

I saw Vice Minister for Foreign Affairs this morning and left with him last two paragraphs of your telegram<sup>1</sup> after reinforcing them with arguments at my disposal.

Vice Minister for Foreign Affairs said he could not give me an official reply before he had consulted Prime Minister but he could say from his personal knowledge that Japanese Government had no intention of recognising Manchukuo before League Commission had left Japan.

At the same time Japanese Government would have sooner or later to pay attention to resolution passed unanimously in lower house of diet on January<sup>2</sup> 14th. This did not mean that there would be immediate recognition.

Resolution was as follows:

'The Government should speedily recognise state of Manchuria.'

It was not reported by telegraph because Prime Minister stated both in the diet and the press that question could not be settled out of hand and resolution did no more than express the feeling in favour of recognition.

Repeated to Peking telegram No. 100.

<sup>1</sup> Presumably No. 442.

<sup>2</sup> A note on the filed copy here read '? June'.

#### No. 446

*Mr. Ingram (Peking) to Sir J. Simon (Received June 23, 11 a.m.)*  
*No. 362 Telegraphic [F 5004/451/10]*

PEKING, June 23, 1932, 2.45 p.m.

My telegram No. 356.<sup>1</sup>

In a letter dated June 15th Inspector-General of Customs has informed me of the receipt by Dairen Commissioner of a communication from Manchurian authorities threatening the integrity of customs administration if Dairen

<sup>1</sup> No. 438.



collections are not handed over. Inspector-General of Customs considers Manchurian authorities are still willing to negotiate but states that Nanking are still unwilling for political reasons to authorise him to enter into discussions with a view to compromise. He has suggested privately to Japanese Minister that as a *modus vivendi* in view of their financial embarrassment Manchurian authorities might make use of customs funds now held in suspense in Harbin, Newch[w]ang etc. see my telegram 325,<sup>2</sup> which would thus temporarily become part of their income.

Such an arrangement would appear to give Manchurian Government substance of what they demand on material side without any interference with Dairen customs. For Dairen revenues are roughly equivalent to Manchuria's fair share of foreign loan and indemnity service which Manchurian Government have all along declared themselves ready to pay.

Repeated to Tokyo, Mission, Shanghai.

<sup>2</sup> No. 406.

#### No. 447

*Mr. Ingram (Peking) to Sir J. Simon (Received June 23, 11 a.m.)*

*No. 367 Telegraphic [F 5025/451/10]*

PEKING, June 23, 1932, 2.45 p.m.

My telegram No. 362.<sup>1</sup>

Through the intermediary of Donald<sup>2</sup> I had following suggestion conveyed yesterday to Minister of Finance that he should give the Inspector General of Customs free hand to arrange tacit compromise whereby Japan should continue to allow Dairen revenues to be remitted to Shanghai if China submitted to *force majeure* in Manchuria without withdrawing customs personnel and Japan would use good offices with Manchuria to make up any deficits by which Dairen revenues might fall short of normal Manchurian quota of service of foreign loans secured on customs.

Some such device would save face all round and would avoid anything implying recognition of Manchuria by China and would relieve Japan of embarrassment arising out of her 1907 agreement.<sup>3</sup>

I primed Donald with the well worn arguments regarding breach of integrity of customs. While I told him nothing of Japanese *démarche* on June 21st—see my telegram No. 355<sup>4</sup>—I let him know that I felt sure decision must be taken one way or the other within the next 48 hours. I also made it clear that above were entirely my personal views as to how China's best interests might be served, that I was not sending a message and that the above were the ultimate impressions which Donald had derived from a private discussion with myself.

<sup>1</sup> No. 446.

<sup>3</sup> Cf. No. 178, note 17.

<sup>2</sup> Mr. W. H. Donald; see No. 73, note 2.

<sup>4</sup> No. 432.

According to Donald, Sung has got to take up a firm line in public but is not unfavourable personally to the above idea and will not make up his mind until he has seen Inspector General of Customs and his own die-hards. With this object he left by air this morning for Nanking and Shanghai. Minister for Foreign Affairs and Wang Ching-wei left yesterday for Nanking by train.

I have instructed Consul General Shanghai to keep in closest touch with Inspector General of Customs.

Repeated to Tokyo, Shanghai and Mission.

**No. 448**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 28)*

*No. 334 [F 5824/4101/23]*

*Confidential*

TOKYO, June 23, 1932

Sir,

I have the honour to report that on the 21st instant a dinner, attended by 250 persons, was given by the Japan-American Society in honour of Mr. Joseph Grew, the new Ambassador. The principal speeches were delivered by Viscount Ishii, now a Privy Councillor and Chairman of the Japanese League of Nations Association who was at one time Ambassador at Washington, and by Mr. Grew himself. Copies of these two speeches, taken from the Press to which they were communicated in writing, are enclosed herewith.<sup>1</sup> Mr. Grew's speech, it is only necessary to say, seems to me particularly happily conceived and in general superior to the speeches which are ordinarily delivered on such occasions. Viscount Ishii's speech calls for more comment.

2. It will be seen that in the course of his speech the Viscount touches on the conceivable causes of war between the two countries; and he draws a close analogy between the position of the United States on the American Continent and that of Japan in Asia. It is inconceivable, in the Viscount's opinion, that Japan would interfere with matters in the Western Hemisphere but, if they did so, a war would be inevitable. In the same way, if the United States attempted to dominate the Asiatic Continent and prevent the pacific and natural expansion of Japan in that part of the world, then indeed a grave situation would be created. But the Viscount was convinced that the United States' interests in the Extreme East were confined to the maintenance of peace and the respect of treaties. Since Japan had no intention of attacking either of these two interests, there was no danger of a conflict.

3. I was disagreeably impressed by the tone of Viscount Ishii's speech and took the occasion last night, when I dined alone with Mr. Grew, to discuss

<sup>1</sup> Not here printed. Mr. Grew's speech is printed in Joseph C. Grew, *Ten Years in Japan* (London, 1944), pp. 29-33. Viscount Ishii's speech is printed in *The Japan Advertiser* of June 22, 1932.

both the speech and the whole question of American-Japanese relations. The Ambassador told me that Viscount Ishii had handed him a copy of his speech just before the dinner began and that he had found some difficulty in making up his mind as to how he should deal with it in his reply. Finally he came to the conclusion that it was best merely to observe that he was glad to hear the Viscount reiterate Japan's well-known desire to observe the principle of the Open Door and the respect for treaties in China, and that the United States appreciated this attitude. This sentence does not appear in the report of Mr. Grew's speech because it was not included in the written text which was communicated to the Press. The Ambassador asked my opinion as to whether I thought Viscount Ishii had been put up by the Japanese Government to make the remarks he did. I replied that I was inclined to think that this was not the case. The Viscount, now more or less retired from public life, was not averse to seeking opportunities to place himself in the limelight and it seemed to me that, knowing that his speech would appeal to public opinion in Japan at the present moment, he was attempting to put himself forward as a possible Minister for Foreign Affairs or for some other important post. Though this seems to me the most probable explanation, I am bound to say that Mr. Davies, Japanese Secretary to this Embassy, does not think it unlikely that Viscount Ishii was prompted by the Japanese Government. Mr. Davies said that speeches on similar occasions had undoubtedly been officially inspired in the past. However this may be, Mr. Grew expressed the opinion, with which I entirely agreed, that the speech was both uncalled for and in bad taste considering that the gathering was one in honour of the new American Ambassador. And the latter very much feared that it would be taken up in the United States and given a great deal of harmful publicity. Let us hope this will not prove to be the case.

4. Returning to the general position between the United States and Japan, Mr. Grew informed me in confidence that he had had long conversations with Mr. Hoover and with other members of the Administration, and had found that they were all resolutely opposed to anything in the nature of sanctions or other action which might conceivably lead to war. At the same time the United States Government felt that it was necessary as occasion arose to mark their disapproval of any Japanese action which seemed to be contrary to the principles laid down in such instruments as the Nine Power Treaty or the Kellogg Pact. This was why Colonel Stimson had made his various announcements and had them published in the past although he knew that, by so doing, he was, for the time being at any rate, increasing the tension between the two countries. Mr. Grew sincerely hoped that there would be no further cause for such notes or pronouncements but, if Japanese action in the Far East called for them, they would again be forthcoming.

5. With the American Government determined to take no action which could possibly lead to war and the certainty that the Japanese Government would not attack the United States, it would seem at first sight that the possibility of war was ruled out. Unfortunately this was not, in Mr. Grew's opinion, the case. The feeling all over the United States against Japan was

extraordinarily bitter and some serious incident, comparable to that of the blowing up of the 'Maine' in Havana Harbour,<sup>2</sup> might rouse American popular passion to such a degree that the Administration would be forced to bow to the storm. I entirely agree with Mr. Grew that this is a real danger since individual Japanese, especially if belonging to the armed forces, in their hatred of everything American and in their present arrogant mood are capable of behaviour towards American citizens which might very well arouse the utmost anger in the United States, but I don't doubt that the Japanese authorities are alive to this danger and will do all they can to guard against it.

6. Mr. Grew went on to talk about the Immigration Law which, as you are aware, rankles so deeply in the Japanese mind. This was actually in a fair way to be repealed when the Shanghai incident broke out. A great deal of quiet work had been carried out in California and along the Pacific Coast, and a number of influential local people had been won over to a repeal of the Act. Mr. Grew did not say for certain that it would have been repealed but he did believe that there was a very good chance of its being so. Just as everything was ready for action, the Shanghai incident occurred and all chances for a repeal were immediately destroyed for an indefinite period.

7. As an illustration of the wide-spread nature of anti-American feeling here, I might mention that, when I was in Hakodate last week, I asked a prominent foreigner long resident there and in close touch with local Japanese, whether there was much talk of a clash with the Soviets. 'None at all' replied Mr. Denbigh. 'No-one here talks of anything but of war with America'. If such are the sentiments prevailing in a provincial town far from any political centre, it must be assumed that they are fairly general throughout Japan.

I have, &c.,  
F. O. LINDLEY

<sup>2</sup> This incident of February 15, 1898, had led to the outbreak of war between Spain and the United States on April 21, 1898.

#### No. 449

*Letter from Mr. Ronald<sup>1</sup> to Sir E. Drummond (Geneva)*

[F 5030/1/10]

*Confidential*

*June 23,<sup>2</sup> 1932*

Dear Sir Eric,

Some days ago the Secretary of State received a letter<sup>3</sup> from Lady Betty Balfour enclosing a letter from her brother, Lord Lytton, which had been brought home by Miles Lampson. This letter struck him as being of such

<sup>1</sup> Private Secretary to Sir J. Simon.

<sup>2</sup> It would appear that this letter was addressed from Lausanne: Sir J. Simon had left Geneva for London on June 22.

<sup>3</sup> This letter of June 15 is not printed.

interest that he thought Mr. Stimson might care to see the enclosed extract. He has, accordingly, sent it to him<sup>4</sup> and has asked me to show it also to you. In view of the letter's very personal character, we have only made a very few copies and perhaps, therefore, you could be so kind as to return this one when you have read it.

The picture Lord Lytton draws of conditions in Manchuria is clear and illuminating and the Secretary of State feels that the views expressed in the letter appear to be sound and reasonable. But of course it will be impossible to form a considered opinion until we see the report of the Commission.

NIGEL RONALD

ENCLOSURE IN No. 449

*Extract from letter from Lord Lytton to Lady Betty Balfour*

*Copy*

MUKDEN, Monday, May 23, 1932

...<sup>5</sup> Japan is indeed strong enough to defy the world and I do not think that any country is prepared to go to war for the purpose of coercing her. But there is one force stronger even than her own and that is the force of circumstances which she herself has created. If only the League of Nations itself and the various States that are members of it are wise enough to refrain from recriminations or threats this force constitutes the greatest and indeed the only hope of peace. Japan is at this moment in the throes of a domestic crisis which is shaking her to the very foundations. Her Prime Minister has just been assassinated by a number of young officers of her army and navy, who afterwards surrendered themselves to their own headquarters. The Government resigned and in the negotiations that followed the naval and military leaders have dominated the situation and dictated their terms. The late Government represented the conservative or right wing party of Japan and its War Minister, General Araki, is the idol of the army which makes the situation very difficult to understand. The Liberal forces in Japan which are strong are at the moment completely eclipsed, their statesmen are in hiding in fear of their lives and it was actually the jingo imperialistic conservative party whose leader was assassinated. But the fascist party which has adopted these terrorist methods whilst more imperialistic and nationalist in its foreign policy than even the conservatives is socialistic in its domestic policy and is opposed to the influence of capitalistic financiers. It is this

<sup>4</sup> Sir J. Simon's undated covering letter to Mr. Stimson, as filed in the Foreign Office, was similar in wording to the present letter and is not printed. In a letter of June 20 to Lady Betty Balfour, Sir J. Simon had requested her permission to send a copy of Lord Lytton's letter 'to my friend Mr. Stimson in Washington. You will appreciate that in conducting our foreign policy in the matter we have constantly borne in mind the United States and what Lord Lytton says so closely corresponds to the conceptions I had formed that I should feel it of great interest and value to let Mr. Stimson have a sight of what your brother writes. It has been a difficult and anxious thing to handle ever since I became Foreign Secretary and, looking back, I feel that the line we have taken was the only possible line consistent with international, as well as national, interests.' Lady Betty agreed on June 22.

<sup>5</sup> Punctuation here and at end of extract is as in filed copy.

which makes the situation so complicated and difficult for outsiders to understand. A new Government is at the moment in course of formation with an elderly sailor who was the Governor-General of Korea as its Prime Minister. He is of no party but seems to be respected and trusted by all. It is thought that the new Government will be a national Government of no party complexion. For the purpose of my argument it is only with its foreign policy that I am concerned and this is certain to be even more uncompromising than that of its predecessor so far as Manchuria is concerned. The prevailing opinion on this question in Japan to-day is somewhat as follows. 'China is not a civilised State, but a chaotic amorphous mass whose Government is powerless to maintain order. Communism is rampant there, and the country is a prey to the depredations of the armies of rival war lords, red communist armies, and roving bodies of bandits. So long as the lives and properties of our nationals are not actually endangered we are indifferent to the condition of China. But in Manchuria we cannot afford to be indifferent, Manchuria is the very life line of Japan. We own the South Manchurian Railway, we have vital economic interests and strategic interests there. A million of our subjects (Japanese and Korean) live there. We have fought two expensive wars there and have acquired our rights and interests at the cost of much blood and treasure. If the chaos of central China were to spread to Manchuria, Russia would step in and we should have to fight the Russo-Japanese war over again. We have no intention of allowing this. Manchuria has always been practically independent of China. Under Marshal Chang Hsueh-Liang the people were grievously oppressed and misgoverned. We have now liberated the country from this misrule. It has declared its own independence, and we shall not tolerate the interference of any other Power in this part of the world. If the League of Nations is sensible, it will recognise these facts and leave well alone, but if it is deceived by Chinese propaganda and anti-Japanese sentiment, and passes any more silly resolutions we shall leave the League and ignore its reports. If any country challenges us, we shall accept the challenge and fight. If the Powers of the world impose "economic sanctions" and institute a blockade or boycott of Japanese trade, we shall suffer, but we shall not give in.'

All of which is very heroic but the men who think and talk like this are simply not living in a world of reality. If the League is foolish enough to scold or threaten, or, if any nation resorts to war, the whole Japanese nation will be united as one man and one woman. But if they are left to face the consequences of their own actions, those consequences would be too strong for them. Insofar as their premises are true, they will be maintainable, but insofar as they are false they will produce insuperable obstacles. It is true that China is chaotic and disorganised and cannot fight them, but China has a deadly weapon that can inflict a mortal wound—the economic boycott, and unless she can make peace with China, Japan will suffer an organised boycott of her trade more intense than anything she has yet experienced. It is true that Japan can hold Manchuria by force, but she cannot keep the markets of China open by force and without the markets of China

Manchuria is no use to her. Again, it is true that the Government of Chang Hsueh Liang was corrupt [*sic*] and oppressive and the people are glad to see it go, they hope for something better, but it is not true that they have declared their independence. If there are a million Japanese and Koreans in Manchuria, there are 30,000,000 Chinese, and these people regard the Japanese as having robbed them of their land. The Manchukuo Government is a very patent fraud. There [*? are*] a few Chinese figure heads who have been either bought or intimidated and who have no power. The real Government is in the hands of a number of fanatical tenth rate Japanese officials, who are puffed up with preposterous vanity and talk about defying interference even from Japan! The so-called Manchukuo army will not fight against other Chinese troops and [*? will*] join forces with Chinese armies whenever they get a chance. The Japanese dare not put one of their officers with them as he would certainly be murdered at the first opportunity. The Chinese population are cowed and terrified but they are hostile to a man, and if they got the chance they would butcher the Japanese and the 'traitor' Chinese officials with the utmost brutality. The few scattered Chinese troops still in the field are powerless to withstand the Japanese army, but they can prove very embarrassing in guerilla warfare and when the crops grow and provide covert for them they will give the Japanese a bad time of it.

The fact is Japan had [*? has*] bitten off more than she can chew and if left alone circumstances will be too strong for her. With a hostile China boycotting her trade, with a hostile and resentful population in Manchuria and continual guerilla warfare the draining on her resources will be terrific and already her economic position is on the verge of collapse. If resisted, her people will unite and suffer any amount of hardship and privation, but if left alone—disgraced, humiliated, but unchallenged—with no fruits to show for their violence, the liberal opinion in Japan will begin to assert itself and the military party will be criticised for the mess they have got the country into.

It is our business (1) to tell the world the true facts, (2) to indicate the terms on which peace can be established if peace is desired. But if peace is not desired, time must be allowed to work, and experience effect its salutary lesson.

The chaotic condition of China of which Japan complains is largely of her own making. She has never tried to help China, but on the contrary intervened over and over again to prevent any one party from becoming strong. So long as China is hostile Japan must necessarily try to keep her weak. If China is to become unified and strong and prosperous, she must also be friendly, otherwise she would be a menace to Japan. But Japan has not yet learned that by injuring China she is injuring herself. The League, of which Japan is a member, can only help China when Japan comes to realise that it is in her own interests to make China prosperous and to keep her friendly.

At this moment Peace is really indispensable to all three countries. Japan wants peace because she cannot face the financial strain of another war. China wants external peace in order to get on with her gigantic task of

internal reorganisation. Russia wants peace in order to complete her five year plan and not to have to weaken her whole front. And there are obvious foundations on which peace can be established to the satisfaction of all three if they can only be made to see it. That is our task, but whether we shall succeed or not, I cannot say. Our only chance is to avoid coercion. Will you help to make people realise this at home?

I have not been able to say anything as yet either in my letters or in my diaries as I am so continuously overlooked and shadowed that I do not trust even the post. But Sir Miles is travelling home this week and I shall give this letter into his charge. The knowledge that he will take care of it has enabled me to write more freely.

I am too busy to think about anything but my work. I enjoyed the time in Japan and in China, but ever since we arrived here our life has been a perfect nightmare and it is beginning to tell on our nerves. Thank God it is nearly over now and in another week we shall be returning to China.

See how long a letter I have written unto you with my own hand! . . .

**No. 450**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 24, 9.30 a.m.)*

*No. 374 Telegraphic [F 5037/451/10]*

PEKING, *June 24, 1932, 2.55 p.m.*

I have read<sup>1</sup> through local office of Waichiaopu a telegram from Ministry in Nanking of which the following is a summary. Begins.

The attention of British Government is invited to the serious situation arising from the seizures and threats gravely affecting the position and interests of Chinese maritime customs in Manchuria.

Manchu Kuo authorities have detained the entire customs revenue of Harbin, Antung and Newchwang in customs banks for the past two months and are threatening to interfere with Dairen customs.<sup>2</sup> These developments affect British Government because they disturb the security of payments on indemnity and bonds and jeopardise the application of part of the revenues to payments on loans in arrears and increase [? of] current payments for this purpose when conditions permit.

A number of the provisions of the nine power treaty are then cited and the following points made:—

1. That principle of equal treatment of Powers and uniform rates of duties would be compromised if customs administration were in the hands of officials responsible, in effect, to Japanese authorities, instead of to Inspector General of Customs.

2. That provision that Powers shall respect administrative integrity of China includes full maintenance of integrity of customs service in Manchuria.

<sup>1</sup> This word was subsequently amended on the filed copy to read 'received'.

<sup>2</sup> Cf. Nos. 406 and 422.



3. That China is deprived of her 'opportunity to develop and maintain effective and stable government'<sup>3</sup> if she is deprived of revenue required to meet her obligations and maintain the essential services.

3.<sup>a</sup> Margin between gross customs revenue and sum required for support of service and payment of customs secured obligations is already small and loss of Manchurian revenues would be serious apart from the fact that it would throw on the Chinese the entire burden of supporting the service and paying aforesaid obligations.

4. Manchu Kuo authorities have indeed expressed their willingness if they take over customs to pay a portion of foreign customs secured obligations. They made a similar intimation when taking over the salt inspectorate but they have not remitted any salt loan funds and total of arrears quota payments and surtax since March in respect of foreign loans amount to almost one million dollars.

5. In conclusion British Government is requested to make appropriate representations to Japanese Government 'in view of the critical situation and of the fact that British Government is party to treaties having a bearing on the matter described above'. Ends.<sup>4</sup>

6. I am sending a formal acknowledgement.

Repeated to Tokyo and Mission.

<sup>3</sup> Cf. article 1 of the Nine Power Treaty (Cmd. 1627 of 1922, p. 44).

<sup>4</sup> With reference to this telegram Mr. Ingram reported in his telegram No. 375 of 1.10 p.m. (received at 9 a.m.) of June 24: 'Identical telegrams were received by my United States colleague [cf. *F.R.U.S.* 1932, vol. iv, pp. 102-4], my Belgian colleague, Dutch (? colleague, omit.) my French colleague, my Italian colleague and Portuguese colleague' i.e. the other signatories of the Nine Power Treaty.

## No. 451

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 121 Telegraphic [F 4989/451/10]*

FOREIGN OFFICE, *June 24, 1932, 3.55 p.m.*

Your telegrams Nos. 355<sup>1</sup> and 356<sup>2</sup> (of June 21st [20th] and 22nd. Manchurian Customs).

1. As China cannot reasonably expect to draw Customs revenues from a territory where she exercises no authority we have consistently held the view that a compromise which would save the integrity of the Customs and provide a quota from Manchuria for foreign obligations would be in the best interests of all concerned and especially of China herself. You should quite frankly inform your Japanese colleague that we have frequently made friendly private representations to China in this sense and shall continue to do so but that we consider it most inadvisable for the Powers to combine to put pressure upon China in a matter which is so essentially her own affair.

<sup>1</sup> No. 432.

<sup>2</sup> No. 438.

Apart from other considerations the result of such action would almost inevitably be exactly the opposite of that aimed at.

2. With regard to the points raised in paragraph 5 of your telegram No. 356 it seems desirable first definitely to clear up the point whether in fact it is the case that the Dairen revenues are roughly equivalent to Manchuria's quota for foreign obligations. If they are then the adoption of the first alternative referred to in paragraph 3 of your telegram No. 356 would seem to offer the easiest solution. China could tacitly accept such a solution without any formal agreement and instead of Manchukuo being driven to drastic measures the onus of taking the initiative, if she were dissatisfied, would rest on China. It is difficult therefore to understand why your Japanese colleague should urge the adoption of the second alternative which involves the double difficulty of a formal agreement between China and Manchukuo and the remission of part, at any rate, of the Dairen revenues to Changchun.

3. You should discuss the matter further with your Japanese colleague on these lines and you should also seek an opportunity of explaining our attitude, as outlined in paragraph 1 above, to the Minister of Finance. It is important that he should realise that so far as the attitude of the Powers is concerned the threat of the disruption of the customs administration is not likely to result in any compensating political advantage for China.

4. You will no doubt keep your United States and French colleagues informed.

Repeated to Paris No. 84 Saving, Rome No. 23 Saving and Washington No. 10 Saving.

Please repeat to Tokyo.

## No. 452

*Sir J. Brenan (Shanghai) to Mr. Ingram (Peking)*

*No. 169 Telegraphic [F 5069/451/10]*

SHANGHAI, *June 24, 1932, 7.57 p.m.*<sup>1</sup>

Foreign Office telegram No. 119.<sup>2</sup>

Inspector General of Customs states present position is as follows. No customs revenue is now being remitted from any Manchurian customs.

Customs funds have already been seized from the banks at Antung Newchwang and Lungchingsun and he thinks they have been seized at the other ports outside leased territory but is not yet certain.

As regards Dairen position is as reported in my telegram No. 168.<sup>3</sup> Banks have not so far refused to remit funds to Shanghai but Commissioner of Customs<sup>4</sup> at the instigation of Foreign Affairs Department of Kwantung

<sup>1</sup> Time of repetition as No. 82 to the Foreign Office (received at 2.30 p.m. on June 24).

<sup>2</sup> No. 440.

<sup>3</sup> Untraced in Foreign Office archives: the reference may have been to Shanghai telegram No. 166 to Peking, i.e. No. 460 below.

<sup>4</sup> Mr. Fukumoto.

government has refused to instruct banks to remit. In consequence he has been dismissed by Inspector General of Customs for insubordination.<sup>5</sup> Inspector General of Customs is issuing full statement regarding the above today which will be telegraphed to London by Reuter's.<sup>6</sup>

Repeated to Foreign Office and Mission.

<sup>5</sup> *The Times* of June 25 (p. 12) reported as follows: 'From our correspondent, Shanghai, June 24. Following the refusal of Mr. Fukumoto, the Japanese Commissioner of Customs at Dairen, to remit the revenue to Shanghai at the express order of Sir Frederick Maze, the Inspector-General of the Chinese Maritime Customs, Sir Frederick Maze, with the approval of Mr. T. V. Soong, Finance Minister, has dismissed Mr. Fukumoto for gross insubordination.' The report proceeds to summarize Mr. Fukumoto's statement of reasons for his action. His actual words, as quoted in Mr. Ingram's despatch No. 968 of August 1 (cf. No. 444, note 1) were: 'I am myself convinced and also have been warned by responsible Japanese authorities that an open rupture between Dairen customs and Manchukuo would be destructive to Japanese interests. That I, a Japanese, should be the instrument to bring about such a rupture is intolerable and against my conscience. I hope therefore that inspector-general will realise the impossibility of my taking such a responsibility upon myself.'

<sup>6</sup> In a minute of June 25 attached to this telegram Mr. Orde remarked that the 'step taken at Dairen seems to be a direct violation of the Sino-Japanese agreement of 1907 regulating the position of the Customs there, under which the revenue has to be remitted to Shanghai'. He thought it 'a very stupid step for it puts Japan directly in the wrong' and suggested that the matter must be taken up in Tokyo. Sir J. Simon wrote: 'Yes: but this makes my long essay to Mr. Stimson [No. 437] about no protests, and waiting till Lytton reports rather silly . . . J.S. June 25.' Later, however, he accepted the view, expressed as follows in a minute by Mr. Orde, that a new situation had arisen: 'There is . . . for the first time, a clear *prima facie* case against the Japanese. C. W. Orde 27 June 1932.'

#### No. 453

*Mr. Patteson (Geneva) to Sir J. Simon (Received June 25, 9.30 a.m.)*

*No. 266 L.N. Telegraphic [F 5089/1/10]*

GENEVA, June 24, 1932, 10.20 p.m.

Following from Mr. Cadogan.

Assembly Committee on Far Eastern question met this afternoon.

President explained that whereas six months time limit within which Council or Assembly must make report would expire August 19th Lytton Commission had indicated that their report might not be received here before the middle of September.<sup>1</sup> It therefore seemed necessary to prolong time limit. President indicated that semi-official soundings had shown that both parties would agree.

Committee authorised President to write formally to the two parties inviting them to concur and communicate to them draft resolution of Assembly deciding prolongation as an exceptional measure and to make it clear at the same time that undertakings of parties not to aggravate situation will remain binding during prolongation. Discussion was complicated by the fact

<sup>1</sup> Cf. No. 410, note 1.

that Chinese delegate had circulated to Committee communication<sup>2</sup> from his Government referring to resolution of January 28th<sup>3</sup> in favour of recognition of (? Manchuria) and requesting Committee to remind Japanese Government of their obligations. Certain members wished special reference to be made to this point in letter to Japanese delegate but this was defeated on its being pointed out that such action would be more calculated to make Japanese Government recognise.

Assembly is to meet Wednesday next<sup>4</sup> to adopt resolution referred to above. If replies of Chinese and Japanese delegates to President's letter<sup>5</sup> give rise to any difficulty President may have to summon Committee again on Tuesday but this is very unlikely as we know semi-officially that both delegates are likely simply to indicate agreement.

<sup>2</sup> See *L/N.O.J.*, *S.S. No. 102*, p. 45.

<sup>3</sup> 'January 28th' was corrected on the filed copy to read: 'Japanese Diet' and 'June 14th' written in the margin. Cf. No. 445.

<sup>4</sup> June 29.

<sup>5</sup> This letter of June 24 from M. Hymans to Mr. Nagaoka and Mr. Yen communicating the draft resolution of the League of Nations Assembly, is printed (together with the Japanese and Chinese replies of June 25 and 26 respectively) in *L/N.O.J.*, *S.S. No. 102*, pp. 35-37.

#### No. 454

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 26)*

*No. 338 [F 5781/1/10]*

TOKYO, *June 24, 1932*

Sir,

I have the honour to forward herewith a cutting<sup>1</sup> from the 'Japan Advertiser' of the 23rd instant giving an account of statements alleged to have been made at a meeting of the Supreme Military Council by General Araki, the Minister of War. The General said, in effect, that circumstances had changed so much in Manchuria, particularly since the declaration of independence of that state, that Japan could not consider herself bound by resolutions of the League of Nations or by statements which she had herself made in connection with the Manchurian and Shanghai affairs.

2. It is unlikely that any part of the proceedings of meetings of the Supreme Military Council would appear, unless intentionally, in the press, and it seems fairly clear, therefore, that the attached account, unless it is a mere fabrication, was furnished from official sources with the object of giving the widest possible publicity to the views of the military.

I have, &c.,

F. O. LINDLEY

<sup>1</sup> Not printed.

No. 455

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 25, 9 a.m.)*  
*No. 269 Telegraphic [F 5088/1/10]*

TOKYO, June 25, 1932, 12.10 p.m.

My telegram No. 266.<sup>1</sup>

Vice Minister for Foreign Affairs to-day confirmed officially that Japanese Government felt bound to give satisfaction to public feeling in favour of recognition as expressed in resolution of Diet. But as explained by Prime Minister at the same time this did not mean immediate recognition. Vice Minister for Foreign Affairs could not go further than above officially but gave strong personal opinion that there would be no recognition before League Commission left the Far East unless either Committee of 19 or Assembly passed some formal resolution against recognition. In that case there would be an explosion amongst public, and Japanese Government would probably be forced to recognise at once.

Repeated to Peking.

<sup>1</sup> No. 445.

No. 456

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 25, 9.30 a.m.)*  
*No. 270 Telegraphic [F 5093/1/10]*

TOKYO, June 25, 1932, 1.30 p.m.

My immediately preceding telegram.<sup>1</sup>

I asked Vice Minister for Foreign Affairs how far our conversations could be used to answer Parliamentary Questions which were bound to be put. He replied that Japanese Government would be grateful if you could confine answers to quoting Prime Minister's replies to questions in the Diet. In Lower House he said on January<sup>2</sup> 3rd, 'I am thinking of recognizing Manchukuo as soon as possible but this is no trifling matter. It is question which must be solved fundamentally having regard to general situation. It is my intention to arrive at solution which will be thoroughly satisfactory'. In Upper House he said on January<sup>2</sup> 10th amongst other things: 'As regards recognition it is impossible to make a one-sided decision. It is necessary to have an International agreement. There are many things which must be arranged and I am thinking of according recognition as soon as possible when these things have been arranged'.

You might then make use of information in conversations as your own interpretation of official statement.

Repeated to Peking.

<sup>1</sup> No. 455.

<sup>2</sup> This should have read 'June'.

**No. 457**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 25, 9.20 p.m.)*

*No. 381 Telegraphic: by wireless [F 5095/1/10]*

PEKING, June 25, 1932

My despatch No. 686<sup>1</sup> sent by Siberia June 11th contains text of identic resolution passed by British Chamber of Commerce and British Residents Association urging calling of a round table conference on Shanghai.

His Majesty's Consul-General, Shanghai, reports same resolution was adopted by Shanghai (Foreign) General Chamber of Commerce and forwarded to senior consul with request that he would bring it to the attention of his colleagues. The Japanese Consul-General proposed a resolution should be forwarded to the senior Minister with a recommendation that the time was ripe for holding proposed conference.

Other consuls however said that they were not in a position to subscribe to this recommendation which he eventually withdrew and it was agreed that Chamber's letter should be forwarded to the Senior Minister without comment.

Corps Diplomatique here may thus be soon faced with necessity of discussion of round table conference idea in the presence of Japanese colleagues.

Repeated to Tokyo, Mission, Shanghai.

<sup>1</sup> Not printed.

**No. 458**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 25, 9.20 p.m.)*

*No. 383 Telegraphic: by wireless [F 5097/1/10]*

PEKING, June 25, 1932

Following received from Mission No. 252 of June 24th, begins.

Memorandum received to-day from Waichiaopu states that Japanese Government is clearly preparing to accord official recognition to so-called Manchukuo Government. It adds that such recognition would constitute a violation of the Nine Power Treaty and requests Great Britain being one of the signatories to give her serious attention to the question and take immediate steps to prevent Japan according recognition to puppet organisation.

Text of memorandum<sup>1</sup> goes to you by post to-day.

<sup>1</sup> Similar communications had been made on June 23 to the Foreign Office and to Mr. Stimson by the Chinese Chargés d'Affaires in London and Washington respectively: cf. *F.R.U.S.* 1932, vol. iv, pp. 101-2.

No. 459

*Mr. Ingram (Peking) to Sir J. Simon (Received June 25, 9.20 p.m.)*  
*No. 384 Telegraphic: by wireless [F 5098/451/10]*

PEKING, June 25, 1932

My telegram No. 355.<sup>1</sup>

State Department have instructed my United States colleague<sup>2</sup> not to associate himself with my move to bring pressure to bear on Chinese Government to come to an arrangement with Japanese regarding Manchurian Customs.<sup>3</sup>

Repeated to Shanghai, Tokyo, Mission, Mukden, Harbin and Dairen.

<sup>1</sup> No. 432; see also No. 451.

<sup>2</sup> See *F.R.U.S.* 1932, vol. iv, p. 106.

<sup>3</sup> Sir J. Pratt minuted on this telegram: 'The State Department attitude is more academic and less realist than ours. J. T. Pratt 27/6.'

No. 460

*Mr. Ingram (Peking) to Sir J. Simon (Received June 25, 9.30 p.m.)*  
*No. 386 Telegraphic: by wireless [F 5100/451/10]*

PEKING, June 25, 1932

Following received from Shanghai No. 166 of 22/6/32. Begins:—

Addressed to Peking No. 166; repeated to Mission.

Your telegram No. 355 to Foreign Office.<sup>1</sup>

Secretary of Japanese Legation<sup>2</sup> has made a similar proposal<sup>3</sup> to Inspector-General of Customs stating, for preservation of customs integrity, he should adopt means whereby Dairen revenue or a part thereof could be retained by Manchurian Government and that he should not precipitate the issue by instructing Dairen Commissioner to remit this revenue to Shanghai.

Inspector-General of Customs replied<sup>4</sup> that he had to execute the policy of the Chinese Government, not formulate it, and he pointed out that customs position in Dairen differed essentially from that of other Manchurian customs in that it functioned in virtue of a special political agreement from

<sup>1</sup> No. 432.

<sup>2</sup> Mr. Horiuchi.

<sup>3</sup> In a conversation on June 21.

<sup>4</sup> A confidential memorandum on this conversation, forwarded to Mr. Ingram by Sir J. Brenan as an enclosure to despatch No. 232 of June 23 (copy received in the Foreign Office on August 17 under Peking formal covering despatch No. 790 of July 2) includes the following passage: 'The Inspector-General pointed out that while it is true that some of his activities include the protection of certain international interests, it should be considered that it is impossible for him in any circumstances whatever to proceed on lines that would conflict directly or indirectly with the foreign policy of China. The Inspector-General is here to execute that policy—not to formulate it; and his actions in respect of the Manchurian Customs question are necessarily governed by the policy of the Chinese Government and by the instructions of the Ministry of Finance.'

the stipulations of which Inspector-General of Customs has no authority to depart.

He stated further that if Manchurian customs revenues are seized indemnities and foreign loans would be seriously affected and finally that it was impossible for him to contemplate that Japanese authorities would tolerate interference with customs in leased territory.

Despatch<sup>5</sup> follows.

<sup>5</sup> A reference presumably to Shanghai despatch No. 232 to Peking, see note 4 above.

### No. 461

*Sir R. Graham (Rome) to Sir J. Simon (Received June 28)*

*No. 487 [F 5170/1/10]*

ROME, June 25, 1932

Sir,

I have the honour to report that Count Pagliano, Head of the Far Eastern Department of the Ministry of Foreign Affairs, during a conversation on other matters with a member of my staff said that the Italian Government were particularly anxious to keep in close touch with His Majesty's Government in regard to the Chinese problem. The Ministry of Foreign Affairs were already in contact with the French Embassy in Rome and had been kept fully informed as to the views of the French Government on each development as it occurred, but they were relatively in the dark as to the views of His Majesty's Government. What, for example, was the view taken in London in regard to the recent seizure by the Manchurian Government of the Customs Revenue at Dairen? Count Pagliano was informed that the event had occurred so recently that His Majesty's Embassy had not yet received any papers throwing light on the subject.

2. He concluded the conversation by saying that the Chinese problem could only be solved by means of a united front on the part of the great Powers, and this could only be achieved by consultation before discussions took place within the framework of the League of Nations. He much hoped that as soon as His Majesty's Embassy were in a position to do so they would inform the Ministry of the views of His Majesty's Government in regard to the Manchurian customs question and also in regard to another problem in which the Italian Government were much interested, namely the policy to be adopted in the light of recent events in the matter of the foreign concessions in China.<sup>1</sup>

I have, &c.,

R. GRAHAM

<sup>1</sup> A summary of H.M.G.'s policy with regard to (a) the Manchurian customs question, (b) the suggested Round Table conference at Shanghai was sent to Sir R. Graham in Sir J. Simon's despatch No. 700 of July 13. This despatch concluded: 'I would add that the Italian Chargé d'Affaires has paid a number of visits to this Department to discuss affairs in China and that the views of His Majesty's Government and any action which they had taken or were contemplating have on each occasion been frankly explained to him in reply to his enquiries.'



*Letter from Sir F. Lindley (Tokyo) to Sir V. Wellesley<sup>1</sup>*

[F 5799/1/10]

TOKYO, June 25, 1932

My dear Wellesley,

1. I actually got away for the whole of last week to the North Island and came back feeling all the better for a complete change. Except for two nights at Kobe, I had not been away from Tokyo for 9 months.

2. I am not writing any political despatch by this bag as there is nothing very striking to report. It is evident that the recognition of Manchukuo by the Japanese Government cannot be postponed very much longer, as you will have seen from telegrams on this subject. I think the Gaimusho and most of the Government prefer to put off recognition for some time, but their hands may be forced by outside influences at any moment. In this connection the observation made to me to-day by Arita, to the effect that a formal resolution condemning recognition, if passed either by the Committee of Nineteen or by the Assembly would probably result in immediate recognition by the Japanese Government<sup>2</sup> is as significant as it is deplorable, and the worst of it is that I don't doubt that it is true. The fact is that a first-class blunder can never be retrieved, and the Council made such a blunder at Geneva in October in spite of all that you and I could say. I date all our real difficulties from the disgraceful folly and mismanagement of that Meeting.<sup>3</sup>

3. Then we have the Customs business. Here again the Gaimusho are anxious to retain the administrative integrity of the Customs while giving to Manchukuo such receipts as are not required for the service of the loans. This is not an ideal arrangement but it is the best we can hope for and is in accordance with precedent. I do not know yet whether we shall succeed in getting such an arrangement put through with the tacit consent of the Chinese.

4. Hoover's proposals for disarmament<sup>4</sup> are unanimously denounced in the Press, as was to be expected. My personal view is that these dramatic excursions into complicated subjects nearly always do more harm than good, and I have little doubt that the present proposal will form no exception. The Japanese naturally ascribe the whole thing mainly to the electoral position in the United States; and it must be remembered that they are not particularly interested in the question of war debts cancellation which seems, according to the papers, to be held out as a kind of recompense for the acceptance of the disarmament proposals.

5. The new American Ambassador, Grew, is an old friend of mine and I am exceedingly glad to have him here. I have had some long talks with him and find him sensible and experienced. But his description of the anti-

<sup>1</sup> Filed in the Foreign Office on July 27.<sup>2</sup> Cf. No. 455.<sup>3</sup> Cf. Volume VIII, No. 681; see also No. 64 above.<sup>4</sup> Cf. Volume III, Appendix V.

Japanese feeling now prevalent in the United States makes me uneasy. This hatred between the peoples of two countries is, in my opinion, more dangerous than anything economic or financial which it might be possible to deal with in a practical spirit.

Yrs ever  
F. O. L.

**No. 463**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 26, 1.45 p.m.)*  
*No. 387 Telegraphic [F 5101/451/10]*

PEKING, June 26, 1932, 5.25 p.m.

Your telegram No. 121<sup>1</sup> second paragraph.

According to instructions<sup>2</sup> furnished by Inspector General of Customs Dairen revenue for 1931 was 12,000,000 Haikwan taels and Manchurian quota for indemnities and foreign loans 11,500,000. This corresponds roughly with my own calculation based on published Customs figures.<sup>3</sup>

Repeated to Tokyo, Mission, and Shanghai.

<sup>1</sup> No. 451.

<sup>2</sup> This word was subsequently amended on the filed copy to read 'statement'.

<sup>3</sup> The Commercial Counsellor at Shanghai gave the following estimates in his despatch No. 87 O.T.B. of June 24 to the Department of Overseas Trade [F 6185/451/10]: 1931 Total Revenue (excluding Tonnage Dues) of all ports: Hk. Tls. 243,090,085.832; 1931 Total Revenue (excluding Tonnage Dues) of Manchurian Ports (including Dairen), Hk. Tls. 25,813,205.884; Total cost of Foreign Loans and Indemnities in 1931: Hk. Tls. 107,552,000.000.

**No. 464**

*Mr. Ingram (Peking) to Sir J. Brenan (Shanghai)*  
*No. 143<sup>1</sup> Telegraphic [F 5141/451/10]*

PEKING, June 26, 1932

Your telegram No. 175.<sup>2</sup>

Please let Minister of Finance know if necessary through Inspector General of Customs that dismissal of Fukomoto if done without informing Governor of Kwangtung beforehand seems to involve violation of article 3 of 1907 agreement<sup>3</sup> and will not make things easier though I can well understand feeling which prompted it.

<sup>1</sup> Repeated by wireless as No. 392 to the Foreign Office (received at 9 p.m. on June 27).

<sup>2</sup> See No. 468 below.

<sup>3</sup> See No. 178, note 17, for this agreement; cf. *The Times*, June 27, p. 11.

At the same time if compromise is to be effected I look to him (Minister of Finance) likewise to take no ill-advised step which might further complicate the situation or be used as a lever against the Chinese.<sup>4</sup>

Repeated to Foreign Office, Tokyo and Mission.

<sup>4</sup> In despatch No. 968 of August 1 (see No. 444, note 1) Mr. Ingram wrote: 'The sudden and dramatic dismissal of Mr. Fukumoto struck me as deplorable. There was, as His Majesty's Consul at Dairen pointed out, nothing to be gained by it as under the Dairen Customs Agreement Mr. Fukumoto's successor would have to be a Japanese and would in all probability be of inferior calibre and courage to him. In any case the appointment of the new Commissioner would be subject to the approval of the Japanese Authorities, who would presumably see to it that no one was appointed who was likely to be proof against the methods which had been effective with Mr. Fukumoto. But apart from the futility of the Chinese Government's action it seemed to afford the Japanese a suitable pretext for bringing to an end once for all the Chinese Customs régime in Dairen if that was indeed their desire. Nevertheless, if there was any hope of saving the Chinese from the consequences of this act it seemed to lie only in calming ruffled feelings, in bringing back attention to the main issue of Customs integrity and in treating the Dairen Commissioner issue as a subsidiary matter which was capable of easy adjustment provided all parties were genuine in their protestations of anxiety to maintain the integrity of the administration. While complying with the instructions contained in your telegram [No. 451 above], I accordingly worked along these lines.'

#### No. 465

*Mr. Ingram (Peking) to Sir J. Simon (Received June 27, 9.30 a.m.)*

*No. 388 Telegraphic [F 5102/451/10]*

*Important*

PEKING, June 27, 1932, 2 a.m.

Your telegram No. 121.<sup>1</sup>

As Japanese Chargé d'Affaires has been absent from Peking all today<sup>2</sup> I have not yet been able to see him but hope to take necessary action either this evening or first thing tomorrow morning.

Meanwhile in view of acceptance by Minister of Finance of our solution (see Shanghai telegram No. 175<sup>3</sup>) I hope it may be possible for His Majesty's Ambassador to urge on Japanese Government desirability of not forcing an issue at the outset and of acceptance of reasonable way out of everyone's dilemma which would preserve the integrity of the customs.

Repeated to Tokio Shanghai and Mission.

<sup>1</sup> No. 451.

<sup>2</sup> This telegram was drafted on June 26.

<sup>3</sup> See No. 468 below.

No. 466

*Mr. Ingram (Peking) to Sir J. Simon (Received June 27, 9.30 a.m.)*

*No. 389 Telegraphic [F 5106/451/10]*

PEKING, June 27, 1932, 3.55 a.m.

Following received from Shanghai No. 173 June 26th. begins

Your telegram No. 137.<sup>1</sup>

I saw Inspector General of Customs and Minister of Finance separately this morning and gave messages from the Foreign Office and yourself.

The former agreed entirely with His Majesty's Government's attitude. Latter said that he would give messages his serious consideration and let me have a reply shortly. I gather it is likely to be favourable but guarded. Mr. [*sic*] Maze has no confirmation as yet of reported resignation of Dairen Customs staff.<sup>2</sup> Deputy commissioner telegraphed to him yesterday that he had taken charge and so notified the Consular body. Kishimoto's<sup>3</sup> nomination as commissioner has been sent to Japanese Legation but no reply yet received.

Addressed to Peking No. 173, repeated to Mission.

<sup>1</sup> In this telegram of June 25 to Shanghai (repeated as Peking telegram No. 379 to the Foreign Office, received at 9.25 p.m. that day) Mr. Ingram instructed Sir J. Brennan to show the Inspector General of Customs the text of Foreign Office telegram No. 121 (No. 451) and to explain urgently to the Minister of Finance the attitude of the British Government as stated in the first sentence of the first paragraph thereof.

<sup>2</sup> Mr. Ingram's telegram No. 406 of June 28 to the Foreign Office (received at 9.30 p.m. that day) stated that 'Inspector General of Customs had received telegram from Japanese customs staff in Dairen stating that on account of dismissal of commissioner they have all resigned with the exception of Mr. Yoshida. Inspector General of Customs has accordingly telegraphed to Yoshida appointing him assistant in charge temporarily . . . '

<sup>3</sup> Chief Secretary in the Chinese Maritime Customs Inspectorate-General.

No. 467

*Mr. Ingram (Peking) to Sir J. Simon (Received June 27, 9.30 a.m.)*

*No. 390 Telegraphic [F 5107/451/10]*

PEKING, June 27, 1932, 3.55 a.m.

Following received from Shanghai telegram No. 174 of June 26th. Begins:—

Addressed to Peking No. 174, repeated to Nanking.

My telegram No. 173.<sup>1</sup>

Inspector General of Customs now informs me as Minister of Finance is considering the compromise recommended by His Majesty's Government he would ask you to urge Japanese authorities to take no action in Dairen in the meantime to complicate the situation. He requests however that you should do this as from yourself without committing the Chinese authorities.

<sup>1</sup> See No. 466.

No. 468

*Mr. Ingram (Peking) to Sir J. Simon (Received June 27, 9.30 a.m.)*  
*No. 391 Telegraphic [F 5108/451/10]*

PEKING, June 27, 1932, 3.55 a.m.

Addressed to Peking No. 175.<sup>1</sup>

Following received from Shanghai No. 175 June 26th begins

Ministry of Finance send you following message in reply to your's.<sup>2</sup> begins  
'In a last effort to preserve as much as possible of the integrity of the Customs (? if) Dairen Customs revenue is left intact for remittance to Inspector General of Customs as usual, I shall not withdraw Customs service in other parts [ports]<sup>3</sup> if revenue in those parts [ports]<sup>3</sup> is seized under *force majeure*.'<sup>3</sup> ends.<sup>4</sup>

Repeated to Mission.

<sup>1</sup> This line presumably should have followed, not preceded, the sentence below.

<sup>2</sup> See No. 447.

<sup>3</sup> Wording in square brackets is taken from Peking despatch No. 968 of August 1 (cf. No. 444, note 1).

<sup>4</sup> Sir J. Pratt minuted on this telegram: 'Too late I fear. J. T. Pratt 27/6.'

In his later detailed despatch No. 968 *op. cit.*, Mr. Ingram wrote: 'If only the Chinese had taken this resolution two weeks earlier they could possibly have saved the Dairen revenues without much difficulty, but as usual they had postponed taking an essential decision until the situation had passed almost beyond recall.'

No. 469

*Mr. Ingram (Peking) to Sir J. Simon (Received June 27, 9.30 a.m.)*  
*No. 393 Telegraphic [F 5112/451/10]*

PEKING, June 27, 1932, 11.50 a.m.

Your telegram No. 121.<sup>1</sup>

I have seen Yano and discussed your views fully.<sup>2</sup>

It appears that Manchukuo's determination to secure Dairen revenues is due to the belief that on the present year's figures, they will be largely in excess of Manchurian quota of foreign loan and indemnity. I pressed on him alternative solution (first alternative referred to in my telegram No. 356)<sup>3</sup> with all arguments in my power and said that I thought Chinese might be brought to agree (I had just received Shanghai telegrams Nos. 173, 174 and 175).<sup>4</sup> But he said he did not think it would be possible to get Manchukuo to accept unless provision could be made for handing over to Manchukuo of this excess if any. As purely personal suggestion I said that I thought it might be possible to get over this difficulty by some tacit agreement e.g. that

<sup>1</sup> No. 451.

<sup>2</sup> This conversation took place on June 26. Mr. Yano, Secretary in the Japanese Legation at Peking, was Acting Chargé d'Affaires.

<sup>3</sup> No. 438.

<sup>4</sup> See Nos. 466-8.

any excess of Dairen receipts over total of Manchurian foreign loan [? quota] 'be handed to' Manchukuo (through Japan as go between).<sup>5</sup> On condition if Dairen revenue were insufficient for service of foreign loans etc., Manchukuo would make up deficiency; alternatively that excess be put into a suspense account or even divided between China and Manchukuo (through Japan). I recommended that Japanese should approach Inspector-General of Customs personally with suggestion along these lines. I also urged what had happened within the last few days at Dairen should not be allowed to prejudice solution of the main question which was Customs integrity and refused to admit ingenuity could not devise a method of surmounting difficulty of this possible excess if fundamental issue were consistently borne in mind. He said that he would refer these views to Tokyo immediately.

Contents of your telegram under reference have been communicated to my French and United States colleagues.

Repeated to Tokyo, Mission and Shanghai.

<sup>5</sup> This full-stop was possibly inserted in error.

#### No. 470

*Mr. Ingram (Peking) to Sir J. Simon (Received June 27, 1.45 p.m.)*

*No. 395 Telegraphic [F 5140/451/10]*

PEKING, June 27, 1932, 5.30 p.m.

Following received from Harbin June 26th.

Begins.

Addressed to . . .<sup>1</sup> No. 68, repeated by post to Mukden, Newchwang and Dairen.

On June 25th late at night Customs house here was surrounded by Chinese and Russian police under Japanese direction. Commissioner of Customs just had time to remove some official documents and money. Today June 26th Customs is guarded by police who bar entry. Some Russian and Chinese members of Customs outdoor staff were visited in their houses late last night by Japanese in plain clothing who said that they were acting under instructions of Japanese Military Mission and produced what purported to be a telegram from the Government at Changchun giving instructions that members of Customs staff were to be asked to state definitely whether they . . .<sup>2</sup> given allegiance to the new Government. If they did so they would be indemnified against penalisation by Nanking Government.

Customs Officers all replied that they must refer to the Commissioner of Customs.

<sup>1</sup> The text is here uncertain. It was suggested on the filed copy that the word 'Peking' should be included.

<sup>2</sup> The text as received was here uncertain, but was later amended to read: 'they had given'.

Commissioner himself has not yet been approached but Deputy Commissioner was invited by telephone today to see a Japanese Hirota whom he does not know.<sup>3</sup>

<sup>3</sup> This telegram is minuted (and initialed) as follows: 'Here is evidence that the Japanese military authorities were accessories after the fact. Except at Dairen they have given no evidence of direct guilt so far. C. W. Orde 29/6.' 'V. W. 30/6/32.' 'R. V. July 1.'

**No. 471**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 27, 12.20 p.m.)*

*No. 396 Telegraphic [F 5138/451/10]*

PEKING, June 27, 1932, 5.50 p.m.

According to message sent to-day from English Secretary of Commissioner of Customs at Dairen to Inspector General of Customs Japanese staff of Customs there have informed him they have severed their communication with Inspector General of Customs and have handed over Dairen Customs to Manchuria. Reuter reports from Dairen that Dairen Customs revenue which was being held in suspense is to be remitted to Manchuria to-morrow.

**No. 472**

*Sir J. Simon to Sir R. Lindsay (Washington)*

*No. 314 Telegraphic [F 5069/451/10]*

FOREIGN OFFICE, June 27, 1932, 6.30 p.m.

My telegram No. 102 to Tokyo.<sup>1</sup>

Report mentioned in first paragraph was that the Commissioner of the Chinese Customs at Dairen (a Japanese subject) had refused at the instigation of the Government of the Kwantung leased territory to instruct the banks in which the Dairen Customs revenue was deposited to remit them to Shanghai.<sup>2</sup>

Please see Mr. Stimson and explain to him that while I have hitherto felt difficulty in making representations to the Japanese Government as suggested by him about the interference of the Manchurian Government and their Japanese advisers in Chinese Customs and salt matters above report directly incriminating Japanese authorities seems to me to create a new situation in which representations are desirable.<sup>3</sup> I should welcome it if he thought fit to collaborate and instruct United States Ambassador in Tokyo to make representations also.

<sup>1</sup> No. 474 below.

<sup>2</sup> Sir J. Simon's telegrams No. 86 Saving to Paris and No. 100 to Rome of even date and time read as in these two paragraphs, and concluded: 'Please inform Government to which you are accredited and suggest to them desirability of making representations also.'

<sup>3</sup> Cf. No. 452, note 6.

Position has been explained to United States Embassy and urgency of matter pointed out.<sup>4</sup> Chinese Government are reported to be ready to agree to a reasonable compromise which will be endangered if Japanese persist.

<sup>4</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 115-16.

### No. 473

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 27, 3 p.m.)*

*No. 273 Telegraphic [F 5139/451/10]*

TOKYO, June 27, 1932, 6.35 p.m.

Mr. Ingram's telegram No. 388.<sup>1</sup>

Vice Minister for Foreign Affairs and I agreed after a long conversation that the first thing to be done now was to get Mr. Fukumoto's dismissal cancelled and Japanese customs officials reinstated into Chinese customs administration. Vice Minister for Foreign Affairs pointed out that when Sir F. Aglen was dismissed for disobedience to Chinese Government<sup>2</sup> he had justified his action on the ground that he had acted in the best interests of the customs service. Mr. Fukumoto had the same justification. I said it seemed to me that Inspector-General of Customs might well say with truth that there had been a misunderstanding.

I then urged on Vice-Minister for Foreign Affairs the advantages of plan described in your telegram No. 121<sup>3</sup> which seemed to solve all difficulties. Vice Minister for Foreign Affairs replied that surplus Dairen customs after loan requirement was calculated by Japanese at 3,000,000 Haikuan taels not half a million as stated in Mr. Ingram's telegram No. 159.<sup>4</sup> Manchukuo had need of whole surplus. I defended smaller estimate and Vice Minister for Foreign Affairs without either accepting or refusing our proposal said that when Mr. Fukumoto's difficulty was settled and customs administration restored it should not be difficult to arrange about allocation of revenue.

Repeated to Peking, Shanghai and Dairen.

<sup>1</sup> No. 465.

<sup>2</sup> On January 31, 1927; see Volume VIII, No. 1 (p. 24). Sir F. Aglen had been Inspector-General of the Chinese Maritime Customs Administration since 1911.

<sup>3</sup> No. 451.

<sup>4</sup> This reference was subsequently amended to read: '387' i.e. No. 463.

### No. 474

*Sir J. Simon to Sir F. Lindley (Tokyo)*

*No. 102 Telegraphic [F 5069/451/10]*

FOREIGN OFFICE, June 27, 1932, 6.45 p.m.

Shanghai telegram No. 169 to Peking.<sup>1</sup>

Please express to Japanese Government surprise and concern with which

<sup>1</sup> No. 452.



I have heard this report of position at Dairen and enquire as to its truth and the explanation of the action taken if report is correct.

You should express earnest hope of His Majesty's Government that Japanese Government will not countenance any action at variance with their treaty obligations; such action cannot fail to complicate seriously a situation already very difficult.

You might point out that the step reported threatens the integrity of the customs service which the Japanese Minister for Foreign Affairs has declared to you he favoured (see your telegram No. 187)<sup>2</sup> and which is admittedly an important British interest; it is also a threat to security of loans and apart from treaty obligations an added complication in the problem we are all trying to solve.

Repeated to Washington No. 313, Paris No. 85 Saving, Rome No. 99.

Repeat to Peking.

<sup>2</sup> No. 173.

### No. 475

*Mr. Ingram (Peking) to Sir J. Simon (Received June 27, 9 p.m.)*

*No. 394 Telegraphic: by wireless [F 5155/1/10]*

PEKING, June 27, 1932

My telegram No. 366.<sup>1</sup>

Telegram received by His Majesty's Consul General Mukden from Commissioner of Customs at Lungchingsun despatched June 23rd<sup>2</sup> states while conditions there and at Hunchun are not threatening at the moment surrounding country is very seriously disturbed; that Japanese Consul General has given written assurance of fullest protection;<sup>3</sup> that British women with children were leaving at once;<sup>4</sup> and that 13 British subjects remain prepared to quit at 12 hours notice.

I learn from German Legation that German Consul is returning to Mukden having failed to clear up Rapp's murder. Japanese authorities declared they had carried out investigation which absolved their people of complicity and refused to take further action.<sup>5</sup>

<sup>1</sup> See No. 434, note 4.

<sup>2</sup> Not traced in Foreign Office archives.

<sup>3</sup> In his telegram No. 371 of June 23 to the Foreign Office (received at 7.30 p.m. that day) Mr. Ingram had transmitted a copy of Tokyo telegram No. 81 of June 22 to Peking reporting that the Japanese Vice-Minister for Foreign Affairs while promising 'all possible measures for protection of foreigners' doubted the likelihood of an anti-foreign outbreak.

<sup>4</sup> On June 20 Mr. Eastes had telegraphed to the Commissioner of Customs at Lungchingsun a warning 'counselling all British residents in Chientao, especially women and children, to withdraw via Korea'.

<sup>5</sup> Sir J. Pratt and Mr. Orde minuted on the file as follows: 'The Japanese will find out in time that if they alienate the sympathies of the civilized world they will make their task in Manchuria more difficult. Their only *moral* justification for going into Manchuria was that they are supposed to keep order better than the Chinese. J. T. Pratt 29/6.'

'Very foolish. C. W. O. 29/6.'

No. 476

*Sir J. Brenan (Shanghai) to Mr. Ingram (Peking)*  
*No. 177<sup>1</sup> Telegraphic [F 5211/1/10]*

SHANGHAI, June 27, 1932

My telegram 156.<sup>2</sup>

Chinese have taken advantage of the arrangements which they made with the Japanese for transport of certain specified troops by Shanghai-Nanking Railway to transport other troops regarding which notification had not been made in the manner required by the Japanese.

Japanese protests have been met by evasive excuses about misunderstandings but the practice is continued and the Japanese are becoming restive.

If the Japanese cannot come to a more satisfactory working arrangement with the Chinese they will probably bring the matter formally to the attention of the joint commission as a breach of agreement but so long as Chinese troops pass through and do not remain in prohibited area I do not think Japanese are likely to take any drastic action.

Repeated to Foreign Office and Mission.

<sup>1</sup> Repeated by wireless as No. 83 to the Foreign Office (received at 6 p.m. on June 29).

<sup>2</sup> No. 424.

No. 477

*Mr. Ingram (Peking) to Sir J. Simon (Received June 28, 9.30 a.m.)*  
*No. 399 Telegraphic [F 5157/4917/10]*

PEKING, June 28, 1932, 11.30 a.m.

Following received from Canton No. 55, June 27th, begins:

Addressed to Peking, repeated to Mission, Hongkong and Commander-in-Chief.

Yesterday afternoon H.M.S. 'Moorhen' while on the way to Hongkong was bombed six times near Wangmun by Canton aeroplanes which evidently mistook the ship for the Chinese gunboat under Admiral Chan Chak.<sup>1</sup> Upon receipt of the news I made urgent representations at once by telephone to the military headquarters and later in the evening I received a special message from Marshal Chen assuring me of profound regret for the mistake and stating that he had given immediate instructions to avoid similar happening in the future.

I am also addressing written protest to him today.<sup>2</sup>

<sup>1</sup> Cf. No. 430, note 2, and No. 546 below, note 1.

<sup>2</sup> Telegram No. 8 of June 29 from Mr. Phillips, H.M. Consul-General at Canton, addressed to Mr. Ingram and repeated to the Foreign Office, confirmed that no damage had been done to H.M.S. *Moorhen*.

**No. 478**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 28, 9.30 a.m.)*

*No. 274 Telegraphic [F 5161/451/10]*

TOKYO, June 28, 1932, 1.30 p.m.

Your telegram No. 102.<sup>1</sup>

I read your above-mentioned telegram this morning to Vice Minister for Foreign Affairs and told him only satisfactory solution was remittance of all Dairen receipts to Shanghai. Interference by Manchukuo within leased territory could only take place with active assistance of the Japanese authorities which was inadmissible [*sic*].

Vice Minister for Foreign Affairs promised to endeavour to effect satisfactory arrangement.

Repeated to Peking and Dairen.

<sup>1</sup> No. 474.

**No. 479**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 28, 9.30 a.m.)*

*No. 275 Telegraphic [F 5160/451/10]*

TOKYO, June 28, 1932, 1.30 p.m.

My immediately preceding telegram.<sup>1</sup>

Though it must [*?* might] succeed in saving the integrity of Customs within the (*?* leased) territory at any rate for a time, I see no hope of preventing Manchukuo setting up separate Customs administration in the rest of Manchuria.

Addressed to Foreign Office, repeated to Peking.

<sup>1</sup> No. 478.

**No. 480**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 28, 10.25 a.m.)*

*No. 405 Telegraphic [F 5159/451/10]*

PEKING, June 28, 1932, 3.55 p.m.

Following received from Harbin No. 69 June 27th.

Begins:—

Addressed to Peking, repeated by post to Mukden, Newchwang and Dairen.

My immediately preceding telegram.<sup>1</sup>

On June 26th Superintendent of Customs and Japanese special adviser to Manchurian Ministry of Finance called on Commissioner of Customs

<sup>1</sup> See No. 470.

officially and handed him despatch stating that since negotiations between Chinese and Manchurian governments had terminated Customs House was to be taken over forthwith. Commissioner was asked to continue as before with his entire staff. He replied that he could only obey the Inspector General of Customs. They tried to persuade him but, failing to do so, said that Superintendent of Customs was appointed to take over. Commissioner said that he refused to hand over and that they could only take Customs by force. They then left and Manchurian flag was hoisted over Customs House which is now sealed and guarded by police.<sup>2</sup>

<sup>2</sup> A minute to this telegram reads: 'According to the report published in "The Times" the Chinese staff were pressed so strongly to remain in the "new" service that they had no option but to sign on. P. Broad 28/vi.' Cf. *The Times*, June 27, p. 11.

### No. 481

*Sir R. Lindsay (Washington) to Sir J. Simon (Received June 29, 9.15 a.m.)*  
*No. 282 Telegraphic [F 5175/451/10]*

WASHINGTON, June 28, 1932, 5.20 p.m.

Your telegram No. 314.<sup>1</sup>

Under Secretary of State agreed unhesitatingly to your proposal and instructions will be sent today to United States Ambassador at Tokyo to make representations similar to those made by His Majesty's Ambassador.<sup>2</sup>

In talking afterwards he said that State Department would have been perhaps better pleased if you had proposed representations on broader basis of the principles involved rather than on the narrower ground of action taken by the Japanese. He recognised however that this might be difficult until League of Nations Commission has reported.<sup>3</sup>

<sup>1</sup> No. 472.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 118-19.

<sup>3</sup> Sir J. Pratt minuted on this telegram: 'It is very satisfactory that we have got the U.S. completely into line. J. T. Pratt 29/6.'

This minute was initialed by Mr. Orde and Sir V. Wellesley, and on June 30 by Sir R. Vansittart.

Sir F. Lindley subsequently reported in his telegram No. 283 of 1 p.m. (received at 9.30 a.m.) of June 30 that Mr. Grew had made representations on June 29 (see *F.R.U.S. Japan 1931-41*, vol. i, pp. 92-93). In telegram No. 288 of 5.20 p.m. (received 12.10 p.m.) of July 4, he reported that 'French and Italian Ambassadors have also acted'.

### No. 482

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 28, 2.10 p.m.)*  
*No. 277 Telegraphic [F 5167/1/10]*

TOKYO, June 28, 1932, 8.10 p.m.

I learn that Mr. Shiratori informed foreign press correspondents this afternoon that Japanese Government would recognise Manchukuo and that latter

would be asked to agree to Japanese troops being stationed in Manchuria for 10 years. He did not say when recognition would take place. Presumably this will appear in tomorrow's newspapers.

**No. 483**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 28, 9 p.m.)*

*No. 404 Telegraphic: by wireless [F 5185/451/10]*

PEKING, June 28, 1932

Following received from Newchwang No. 11 of June 27th.

Addressed to Peking No. 11, repeated to Mission by post, Mukden, Dairen, Harbin and Tientsin.

Chinese maritime Customs House is now, 3 p.m., being forcibly taken over by new Manchukuo superintendent Japanese Adviser, and a large force of police.

Reason for this action appears to be the dismissal of Japanese Commissioner of Customs at Dairen.<sup>1</sup> It is not clear who is to conduct Customs administration unless it is Japanese Assistant.

<sup>1</sup> See No. 452.

**No. 484**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 29, 9.30 a.m.)*

*No. 408 Telegraphic: by wireless [F 5192/451/10]*

PEKING, June 28, 1932

My telegram No. 396.<sup>1</sup>

Further message from same source dated June 27th states Fukumoto has taken charge of Dairen Customs on behalf of Manchukuo Government and announced inauguration of business under new aegis as from June 27th. Japanese staff are behind him and are working as usual but he admits that Kwangtung Government can restrain him if it so desires. Fukumoto has announced that he will not seize any Chinese customs property and has vacated head office in favour of wharf building. He states he will hold all revenues in suspense for the present and will continue his efforts towards a compromise between Manchukuo and Chinese Governments. He has however little hope of success. Chinese and British staff are awaiting instructions from Inspector General of Customs.

<sup>1</sup> No. 471.

No. 485

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received June 29, 12 noon)*

*No. 279 Telegraphic [F 5196/451/10]*

TOKYO, June 29, 1932, 5.5 p.m.

My telegram No. 273.<sup>1</sup>

Vice Minister for Foreign Affairs explained this morning that action of Japanese official reported in Shanghai telegram No. 169 to Peking<sup>2</sup> did not amount to more than personal expression of opinion that if Dairen Customs receipts were remitted to Shanghai Manchukuo would seize all remaining receipts and would set up Customs Office on frontier which would mean that double customs duties would be levied. In short advice of Japanese official had been dictated by solicitude for integrity of customs service and Mr. Fukumoto had accepted it in this spirit.

Vice Minister for Foreign Affairs assured me officially that Japanese Government would not countenance any action at variance with their treaty obligations though he was not quite clear to which obligations your telegram No. 102<sup>3</sup> referred. I gave my opinion that His Majesty's Government had specially in mind treaty obligations regarding Dairen Customs.

Finally Vice Minister for Foreign Affairs informed me instructions had been sent to Shanghai to attempt to reach an amicable arrangement with Inspector General of Customs on basis of reinstatement of Fukumoto. It was his dismissal which had precipitated crisis and caused Manchukuo to act as they had.<sup>4</sup>

Repeated to Peking and Dairen.

<sup>1</sup> No. 473.

<sup>2</sup> No. 452. The 'Japanese official' referred to was presumably a member of the Foreign Affairs Department of the Kwantung Government mentioned on line 9 of that telegram.

<sup>3</sup> No. 474.

<sup>4</sup> In his despatch No. 356 of July 7 to the Foreign Office (received August 15) Sir F. Lindley, after summarizing the development of the Fukumoto case, remarked that the despatches from the British consul at Dairen showed that Mr. Fukumoto 'who had always been a particularly loyal servant of the Customs, was placed in a cruel position by the turn of events and could only with great difficulty have acted otherwise than he did'.

No. 486

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 126 Telegraphic [F 5070/2/10]*

FOREIGN OFFICE, June 29, 1932, 9.30 p.m.

Your telegram No. 365<sup>1</sup> (of June 23; Chinese railway bonds and Customs revenues).

It would seem best, without using further arguments, to proceed on the assumption that the bondholders are entitled to equivalent security on

<sup>1</sup> See No. 429, note 3.

Customs revenues and endeavour to obtain from the Chinese government a definite acknowledgment of this obligation. You might for example express astonishment that Chinese government should have merely passed on communication of Ministry of Finance instead of insisting on that Ministry carrying out the obligations under the loan agreement. Should you succeed in obtaining acknowledgment of the obligation the next step would be to ask whether Chinese government intend to carry it out or to repudiate it.

**No. 487**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 29, 7 p.m.)*

*No. 409 Telegraphic: by wireless [F 5208/451/10]*

PEKING, June 29, 1932

Manchurian Customs.

Both French and Italian Ministers told me this afternoon that they are advocating compromise informally and privately. My United States colleague however is keeping strictly aloof from the whole controversy in accordance with State Department's instructions (see my telegram No. 384<sup>1</sup>).

Repeated to Mission and Tokio.

<sup>1</sup> No. 459.

**No. 488**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 30, 12 noon)*

*No. 416 Telegraphic [F 5216/451/10]*

PEKING, June 30, 1932, 4-35 p.m.

Tokyo telegrams Nos. 273 and 279.<sup>1</sup>

In the course of long conversation this morning Japanese Chargé d'Affaires told me the whole situation had been considerably complicated by the dismissal of Mr. Fukumoto and that Japanese Government felt that any solution which did not involve the return to 'status quo ante' at Dairen and original Japanese idea of retention by Manchukuo of Customs surplus both in Manchukuo and Dairen would be very difficult. However as regards latter they were examining the proposals I had communicated to him on the evening of June 26th see my telegram No. 393.<sup>2</sup>

There were also two subsidiary difficulties which would naturally solve themselves if the above two major difficulties were satisfactorily disposed of. These were (a) tacit understanding between Inspector General of Customs and Japanese authorities that chief secretary should be Japanese and (b) question of subordinate staff at Dairen.

I told Japanese Chargé d'Affaires that I thought Chinese Government would find it very difficult to reinstate Fukumoto but offered to put up the

<sup>1</sup> Nos. 473 and 485.

<sup>2</sup> No. 469.

following suggestions to Inspector General of Customs: that some formula be devised whereby Inspector General of Customs would revoke the dismissal in view of the facts subsequently brought to his notice which showed that there had been a misunderstanding provided that on the other hand Fukumoto immediately went on leave at the termination of which he would resign with the retention of pension rights. As regards major issue I again urged him to recommend proposals put forward in telegram No. 393<sup>2</sup> most strongly to his Government and let him know that in my personal opinion Chinese Government were more likely to accept them than the original Japanese ones.

As regards Kishimoto and Chief Secretaryship I knew nothing of any tacit arrangement alluded to or of qualifications of other Japanese officials in the Customs service either for that or Dairen post but felt that if other things could be satisfactorily settled it should not be impossible for Inspector General of Customs to appoint to Dairen some other Japanese than Kishimoto if Japanese Government set great store by his remaining in his present post.<sup>3</sup> I finally told him I though[t] it would prejudice the prospects of a solution if the Japanese insisted on any of above points as a pre-condition. They were all inter connected and the chances of success would be enhanced if they could all be treated as part of a whole to be negotiated simultaneously. While he would not commit himself I derived the impression that Japanese Government might accept our solution if Fukumoto incident could be satisfactorily settled.

I am instructing Consul General Shanghai to discuss foregoing with Inspector General of Customs and if the latter thinks it opportune to press these suggestions on Minister of Finance in the form of a personal message from myself.<sup>4</sup>

Repeated to Tokyo, Mission, and Shanghai.

<sup>3</sup> See No. 466.

<sup>4</sup> In his telegram No. 158 of even date to Shanghai (repeated as No. 417 to the Foreign Office, received 9.30 p.m.), Mr. Ingram told Sir J. Brennan to make it clear to the Minister of Finance that 'unless Fukumoto incident is settled on some such lines as I have suggested, there is no hope for solution of major problem on the basis of my telegram No. 393'.

#### No. 489

*Mr. Ingram (Peking) to Sir J. Simon (Received June 30, 12 noon)*

*No. 418 Telegraphic [F 5223/451/10]*

*Personal*

PEKING, June 30, 1932, 5.38 p.m.

My telegram No. 416.<sup>1</sup>

Following for Sir V. Wellesley.

I am not quite certain how far you want me to become involved in all this. I could get a free passage by air to Shanghai on July 5th returning on July 8th in Chang Hsueh-liang's aeroplane and thus enter into personal contact with

<sup>1</sup> No. 488.



Inspector General of Customs and Minister of Finance. But it would be difficult for me to go without attracting a certain amount of attention; moreover my Japanese colleague does not intend to leave for Shanghai where he succeeds Shigemitsu till July 9th and it is easier to deal with him here than with his subordinates at Shanghai.

2. If there is to be any settlement and I go down to Shanghai it will be difficult to avoid being implicated in its negotiation. I do not know if you want this. What are your views?

**No. 490**

*Mr. Ingram (Peking) to Sir J. Simon (Received June 30, 10 p.m.)*

*No. 415 Telegraphic: by wireless [F 5255/451/10]*

My telegram No. 408.<sup>1</sup>

PEKING, June 30, 1932

(a) Telegraphic correspondence dated June 28th between Porter, British secretary of Dairen Commissioner of Customs, and Inspector-General of Customs indicates the following:

Japanese authorities, Dairen, have so far not intervened.

(b) Fukumoto has stated that Customs procedure and rates of duty will be the same as before and that a second duty will not be levied on Manchurian goods proved to have paid duty in China unless latter imposes duty on Manchurian goods.

He has informed Porter that embargo on remittance to Shanghai of funds held prior to seizure of Customs will be removed and money will be at the disposal of Inspector-General of Customs.

(c) Latter has instructed Porter and Chinese staff to stand by and cease to function for the present.

He has not abandoned hope of settlement.

(d) Chinese staff who were being pestered to join Fukumoto have now been given more extended period in which to decide.<sup>2</sup>

<sup>1</sup> No. 484.

<sup>2</sup> Sir F. Lindley's telegram No. 282 of June 30 (received at 9.30 a.m. that day) transmitted Dairen telegram No. 17 to Tokyo containing Mr. Porter's message to the Inspector-General of Customs that Mr. Fukumoto's attitude 'hardened today. He still disavows intention of coercion but needs the services of some individuals.'

**No. 491**

*Sir E. Ovey (Moscow) to Sir J. Simon (Received July 1, 12.15 p.m.)*

*No. 87 Telegraphic [F 5257/2173/10]*

My telegram No. 86<sup>1</sup>

MOSCOW, July 1, 1932, 12.27 p.m.

Tass communiqué in to-day's press states on June 29th Chinese delegate visited Peoples Commissary for Foreign Affairs. Communiqué merely states

<sup>1</sup> Not printed.

an exchange of views took place regarding resumption of relations and intention of Chinese Government to conclude a non-aggression pact with Union of Soviet Socialist Republics.

**No. 492**

*Mr. Patteson (Geneva) to Sir J. Simon (Received July 2, 9 a.m.)*

*No. 272 L.N. Telegraphic [F 5265/1/10]*

GENEVA, July 1, 1932, 11 p.m.

Special assembly today agreed<sup>1</sup> to prolong period allowed by covenant for consideration of Manchurian question to allow for fact that report of Lytton commission will not be available till middle of September.

Prolongation is not to constitute a precedent and its exact extent is to be limited to strict necessities of the situation. Committee of 19 hope in any case to study report before November 1st.

Opportunity has been afforded by the present session of assembly to introduce question of inviting Turkey to join the League. Motion to place it on the agenda of assembly was put forward today in the name of large number of delegations (including Great Britain) by Spanish delegate supported by Greek delegate and adopted by the assembly.<sup>2</sup> Actual invitation will be decided upon at a further meeting in a few days time.

<sup>1</sup> See *L/N.O.J.*, S.S. No. 102, p. 16.

<sup>2</sup> See *ibid.*, pp. 9-10.

**No. 493**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 2, 9 a.m.)*

*No. 421 Telegraphic [F 5290/451/10]*

PEKING, July 2, 1932, 10.35 a.m.

Following received from Harbin No. 70 June 29th begins.

Addressed to Peking No. 70 repeated by post to Mukden, Newchwang and Dairen.

My immediately preceding telegram.<sup>1</sup>

At a meeting of the Consular Body June 28th Commissioner of Customs was invited to attend and explain the situation. He did so and complained in plainest language of dastardly intimidation of his Chinese staff by Japanese and Chinese agents of the Manchurian Government headed by Yagi, local police adviser. His staff dared not leave their houses and he himself was unable to enter his own office. He asked Consular Body to file protest against these mediaeval methods.

Japanese Vice-Consul who was present at the meeting professed ignorance of these matters but promised to bring the Commissioner's complaint to the notice of the proper authorities.

<sup>1</sup> See No. 480.

Commissioner of Customs has now received telegram from Inspector General of Customs authorizing him to instruct his staff to carry on temporarily 'under the present conditions' without prejudice to any settlement that may be reached at Shanghai.

No. 494

*Mr. Ingram (Peking) to Sir J. Simon (Received July 2, 9.30 a.m.)*

*No. 422 Telegraphic [F 5291/451/10]*

PEKING, July 2, 1932, 10.35 a.m.

Following received from Shanghai No. 183 June 30th, begins:

Addressed to Peking No. 183, repeated to Mission.

Your telegram No. 149.<sup>1</sup>

Inspector General of Customs comments on Tokyo No. 273<sup>2</sup> to the Foreign Office are as follows:

He disagrees that Fukumoto's case is similar to Ag(? len)s as latter claimed that his action was in the interests of Customs service while the former claims that his is in the interests of an alien government.

Secretary of Japanese Legation has suggested to Inspector General of Customs that he should either withdraw or modify Fukumoto's dismissal. Inspector General of Customs replied that he personally was prepared to recommend any reasonable compromise and since Japanese Government had in mind Ag(? len) case he thought it might be possible to settle Fukumoto's affair in similar fashion: that is grant one year's leave on full pay with retiring allowance and refund of contribution to pension due up to June 25th 1933 but no pension.

Inspector General of Customs did not consider Fukumoto deserving of greater consideration and would not advise cancellation of dismissal which would still take effect at end of the year's leave.

He would be prepared to recommend this solution to Minister of Finance but could not guarantee its acceptance.

Japanese estimate of Dairen Customs surplus is not admissible. Figures are approximately as previously reported but I am sending you further detailed statement by post today.<sup>3</sup>

<sup>1</sup> Not traced in Foreign Office archives.

<sup>2</sup> No. 473.

<sup>3</sup> The reference appears to be to a statistical table attached to a letter of June 29 from Sir F. Maze to Sir J. Brenan, enclosed in Sir J. Brenan's despatch No. 245 of June 30 to Mr. Ingram (copy received in the Foreign Office on August 29 under Peking covering despatch No. 859 of July 11). Sir F. Maze remarked that this table, based on the 1931 Revenue collection figures, showed 'that Dairen's total collection is a little more than Manchuria's share'. The figures included:

Manchurian (including Dairen) proportion of foreign loans and indemnity

Hk. Tls. 11,420,000

Dairen collection, 1931

Hk. Tls. 12,444,000

„ approximate cost of administration for 1931.

Hk. Tls. 650,000

„ net collection, 1931

Hk. Tls. 11,794,000

No. 495

*Mr. Ingram (Peking) to Sir J. Simon (Received July 2, 9.30 a.m.)*

*No. 428 Telegraphic [F 5297/451/10]*

PEKING, July 2, 1932, 12.34 p.m.

Following received from Mukden No. 55 June 28th begins.

Addressed to Peking repeated by post to Harbin, Newchwang and Dairen.

Letter from Commissioner of customs Lungchingsun, June 25th states having heard force might be used to evict him if necessary he had notified Japanese Consul General that he would regard it as an assault if hands were laid on him and defend himself by all means in his power.

I have replied by telegraph deprecating forcible resistance.

2. Telephonic message from Antung states that Customs House there was forcibly taken over June 28th.

No. 496

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 129 Telegraphic [F 5223/451/10]*

FOREIGN OFFICE, July 2, 1932, 2 p.m.

Your telegram No. 418<sup>1</sup> (of June 30th; Manchurian Customs).

Following from Sir V. Wellesley.

We are anxious that a settlement should be reached but it is certainly not desirable that you should become involved in actual negotiations. We are however content to leave it to your discretion whether to go to Shanghai or remain in Peking.

<sup>1</sup> No. 489.

No. 497

*Mr. Ingram (Peking) to Sir J. Simon (Received July 2, 8 p.m.)*

*No. 423 Telegraphic: by wireless [F 5292/1/10]*

PEKING, July 2, 1932

Geneva telegram No. 41<sup>1</sup> to Shanghai.

Lord Lytton has asked me to obtain permission of His Majesty's Government to show to the Dutch expert de Kat Angellino<sup>2</sup> who is compiling historical portion of the Commission's report, some 200 extracts from our annual reports for year[?]s 1920-1925 and 1927-1930. I had not yet been able to go through their desiderata in detail but will telegraph list of paragraphs if you wish once the question of principle is decided. Also to show to the

<sup>1</sup> See No. 209, note 3.

<sup>2</sup> Dr. A. D. A. de Kat Angelino, one of the technical experts assisting the Lytton Commission.

German expert Von Kotze<sup>3</sup> who is working on relevant chapters, Military Attaché's reports on incident of September 18th (I presume report<sup>4</sup> enclosed in my despatch No. 1594<sup>4</sup> is meant which is the only report on the subject by the Military Attaché. As regards this there is perhaps no objection if the French and United States reports are made available in the same way and sources are not quoted in the Commission's report).

I request instructions.

<sup>3</sup> Evidently Herr von Kotze, Assistant to the Under-Secretary-General in charge of International Bureaux in the League of Nations Secretariat, who was attached to the Lytton Commission.

<sup>4</sup> Not printed.

#### No. 498

*Mr. Ingram (Peking) to Sir J. Simon (Received July 2, 10.15 p.m.)*

*No. 425 Telegraphic: by wireless [F 5294/451/10]*

PEKING, July 2, 1932

My telegram No. 416<sup>1</sup> paragraph 4.

When I spoke to Japanese Chargé d'Affaires I was not conversant with previous passages affecting Japanese claim to chief secretaryship<sup>2</sup> (see Sir M. Lampson's despatch No. 136 1927, despatch No. 98 1928 and despatch No. 766 1929). I should not however propose to refer to this old history if my Japanese colleague reverts to the point but should confine myself to expressing appreciation of reasonableness of Japanese attitude.

<sup>1</sup> No. 488.

<sup>2</sup> Cf. No. 501 below.

#### No. 499

*Mr. Ingram (Peking) to Sir J. Simon (Received July 2, 10.15 p.m.)*

*No. 426 Telegraphic: by wireless [F 5295/1/10]*

PEKING, July 2, 1932

His Majesty's Consul-General at Mukden was informed by his German colleague on latter's return that his investigation of Rapp murder was effectively blocked by local Japanese military authorities.<sup>1</sup>

Telegram received by His Majesty's Consul-General Mukden from Lung-chingtsun implies that Commissioner of Customs has withdrawn and indicated probability of all other British subjects doing likewise.

It might be desirable to request Japanese Government to ensure that they will not be molested on the way.

Repeated to Tokyo No. 394.

<sup>1</sup> Cf. No. 434, note 4.

No. 500

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 11)*

*No. 351 [F 6078/532/23]*

*Secret*

TOKYO, July 2, 1932

Sir,

I have the honour to acknowledge the receipt of your despatch No. 295 [395]<sup>1</sup> (F 3796/1/10) of the 30th May, 1932, enclosing the record of an interesting conversation relative to Russo-Japanese relations held between a member of the Secretariat of the League of Nations and Mr. Carl Radek.

2. In paragraph 7 of this document, Mr. Radek is quoted as saying that, whereas Japan could only produce about three hundred aeroplanes per annum, the Union of Soviet Socialist Republics could produce over one thousand.

3. As you will have noted from the last paragraph of my secret telegram No. 200<sup>2</sup> of the 21st April, 1932, this Embassy considers that Japanese factories are now capable of turning out one thousand aircraft annually, as [*sic*] it should be remembered that the Japanese Naval Air Service has very greatly improved during the past two years.

I have, &c.,

F. O. LINDLEY

<sup>1</sup> See No. 270, note 1, and enclosure.

<sup>2</sup> Not preserved in Foreign Office archives.

No. 501

*Mr. Ingram (Peking) to Sir J. Simon (Received July 2, 10 p.m.)*

*No. 429 Telegraphic [F 5298/451/10]*

PEKING, July 3, 1932, 1.28 a.m.

Following received from Shanghai July 1st, begins:

Addressed to Peking No. 187, repeated to Mission.

Your telegram No. 158.<sup>1</sup>

I<sup>2</sup> saw Inspector General of Customs and Minister of Finance separately this morning.

Inspector General of Customs reluctantly said he would modify Fukumoto dismissal on lines suggested by you if Chinese Government considered this desirable for political reasons.<sup>3</sup> He admitted that his predecessor had given,

<sup>1</sup> See No. 488, note 4.

<sup>2</sup> i.e. Sir J. Brenan.

<sup>3</sup> In his detailed report of this interview (in Shanghai despatch No. 249 of July 2 to Peking, copy transmitted to the Foreign Office in Peking despatch No. 858 of July 11, received August 18) Sir J. Brenan said that Sir F. Maze 'subsequently confirmed this in writing, in the form of an *aide-memoire*, which I quote as follows: "The Inspector-General considers that it would be difficult to cancel Fukumoto's dismissal in the face of his gross insubordination, but if it is demonstrated that Chinese interests would benefit by liquidating the incident by a modification of the decision on the lines proposed by Ingram, he would

and he had more or less confirmed, undertaking that chief secretary should be a Japanese<sup>4</sup> but he considered this arrangement embarrassing in view of later events and he would like to see it terminated. He pointed out it made it difficult for him to train a suitable British successor to himself.<sup>5</sup> He asked me however not to touch on this question with Minister of Finance.

I subsequently gave Minister of Finance your message and urged that your suggestion was the only likely solution to the major problem. All he would authorize me to say in reply was that Fukumoto affair was a minor matter but that he would come to no decision until he had discussed the whole question with Minister for Foreign Affairs who was shortly due in Shanghai.

He impressed on me however that Chinese Government would accept no understanding tacit or otherwise which in any way recognized the right of the Manchurian Government to take the Customs revenue nor would they even admit Dairen revenue was accepted in lieu of<sup>6</sup> Manchurian quota for foreign obligations. He seemed indifferent regarding latter and said in fact that it would not benefit Chinese Government to get it but only foreign creditors.

He spoke in a very despondent tone and said that the whole Customs revenue for the month of June provided no surplus after payment of foreign and domestic obligations.

Additional to which he had to give 800,000 dollars a month to Kwangtung and Kwangsi to prevent them from seizing Customs in the South.<sup>7</sup> He added although Chinese Government have no desire to break up Customs administration things were rapidly moving in that direction and he would soon be unable to meet foreign loans service.

Inspector General of Customs to whom I subsequently related this conversation told me not to take it too seriously as Sung's temperament was mercurial and things were not quite so bad as he said.

in that case be prepared to support such modification." Sir J. Brenan added that: 'It must be recognized . . . that Sir Frederick Maze is in no easy position with an arrogant and impetuous Chinese chief on one side and Japanese militarism on the other.'

<sup>4</sup> The detailed report here records that Sir F. Maze also said that 'he had covered himself by saying that he could not commit the Chinese authorities in the matter' and claimed 'to have obtained a counter declaration that the Japanese would not press for a Japanese Inspector-General or Deputy Inspector-General'.

<sup>5</sup> The detailed report here reads: 'He pointed out that a Japanese second in command prevented him from training a suitable British candidate for the post of Inspector-General against his own retirement, which was due in a few years' time. This, he admitted, was one of the reasons why he had tried to get rid of Mr. Kishimoto by appointing him as Commissioner at Dairen. No doubt the Japanese had been quick enough to suspect his intention.'

<sup>6</sup> The detailed report here read: 'admit that if the Dairen revenue were remitted to Shanghai it was in lieu of'.

<sup>7</sup> The detailed report here read: 'This was theoretically a contribution to their expenses for fighting the communists, but, he said, it was really nothing more or less than tribute.'

*Mr. Ingram (Peking) to Sir J. Simon (Received July 2, 9.30 p.m.)*

*No. 430 Telegraphic [F 5299/451/10]*

PEKING, July 3, 1932, 1.58 a.m.

Shanghai telegram No. 187.<sup>1</sup>

I saw my Japanese colleague this afternoon<sup>2</sup> and told him I had been in communication with Inspector General of Customs and as a result I felt sure that Japanese Government would find him prepared to meet them halfway so far as Fukumoto was concerned but that of course neither he nor I could speak for Chinese Government. On the other hand if all of these points were dealt with as part of a whole and the Japanese Government were prepared to continue to carry out their obligations at Dairen in the spirit as well as the letter of 1907 agreement I speaking purely personally would be surprised and disappointed if an arrangement on the lines I had already suggested were not capable of negotiation in a manner satisfactory to both parties.

2. I emphasized to Mr. Yano that interest of His Majesty's Government lay in the maintenance of the integrity of Customs. I felt that ground had now been prepared for direct discussion between Japanese Legation and the Inspector General of Customs and I hoped they would lose no time in approaching him with the object of working out details of a compromise which would secure that maintenance. Time factor was important and I hoped that they would act quickly.

3. I was careful not to disclose the degree to which Sir F. Maze was prepared to go to meet the Japanese over Fukumoto and gave Yano the text of Fukumoto's telegram to Inspector General of Customs as quoted in his statement to Reuters on June 24th<sup>3</sup> pointing out that on his own admission Fukumoto's action was actuated by concern for Japanese and not Customs interests.

4. Yano promised to communicate my language to his Government without delay and hinted that he hoped that I would continue to act as go between if necessary by proceeding to Shanghai if Japanese conversations there with Inspector General of Customs show signs of deadlock. I gave evasive reply and explained the difficulties of leaving the Legation at this moment.

5. As regards chief secretaryship I expressed to Yano my purely personal view that perhaps Inspector General of Customs might find it easier to retain Kishimoto as chief secretary and appoint another Japanese to Dairen but this was a minor point and could only be cleared up by direct conversations between the Japanese and the Inspector General of Customs.

Repeated to Tokyo, Shanghai<sup>4</sup> and Mission.

<sup>1</sup> No. 501.      <sup>2</sup> This telegram was drafted on July 2.      <sup>3</sup> Cf. No. 452, note 5.

<sup>4</sup> In his telegram No. 169 of July 3 to Shanghai, drafted apparently on July 2 and repeated to the Foreign Office as No. 431, Mr. Ingram asked Sir J. Brennan to inform Sir F. Maze of the contents of his telegram No. 430 to the Foreign Office and to 'let him know my personal view that this is not the moment for him to try and oust Japanese from chief secretaryship'.



**No. 503**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 3, 9.30 a.m.)*  
*No. 287 Telegraphic [F 5301/1/10]*

TOKYO, July 3, 1932, 11 a.m.

Mr Ingram's telegram No. 426.<sup>1</sup>

I have received private letter from vice Minister for Foreign Affairs stating that list of British subjects residing in district has been communicated to all local Japanese consular and police authorities with instructions to give them full protection.

Repeated to Peking and Mukden.

<sup>1</sup> No. 499.

**No. 504**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 4, 9.30 a.m.)*  
*No. 434 Telegraphic [F 5312/1/10]*

PEKING, July 3, 1932<sup>1</sup>

Your telegram No. 123.<sup>2</sup>

Commander in Chief, General Officer Commanding and Consul General Shanghai, agree with me that if situation remains as at present, there is no objection to withdrawal. It might, however, be preferable if released battalion could be added to Hongkong garrison until the situation in Manchuria and elsewhere becomes more settled.

Repeated to Shanghai, Commander in Chief, General Officer Commanding, Mission.

<sup>1</sup> The time of despatch is not recorded.

<sup>2</sup> This telegram of June 28 referred to a War Office enquiry as to whether the Shanghai garrison could be reduced by one battalion in September (leaving two battalions as approved in 1930), in view of unsatisfactory accommodation, expense, and urgent need for the extra battalion elsewhere.

**No. 505**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 4, 9.30 a.m.)*  
*No. 435 Telegraphic [F 5323/451/10]*

PEKING, July 4, 1932, 9.5 p.m.

My telegram 430.<sup>1</sup>

Situation now<sup>2</sup> is that a confirmed optimist might pronounce settlement not to be impossible if:

(a) Inspector General of Customs keeps Kishimoto as Chief Secretary and appoints another Japanese to Dairen.

<sup>1</sup> No. 502.

<sup>2</sup> This telegram was drafted on July 3.

(b) Inspector General of Customs finds some way of saving Japanese face over Fukumoto. He has plenty of scope here as I have made much of the iniquity of Fukumoto's attitude based on his telegram to Maze. See paragraph 3 of my telegram under reference which is entirely contrary to British traditions on which service must be run and disposes of Japanese thesis that his motive was integrity of Customs. Inspector General of Customs may therefore find Japanese less disposed to press their original demands on this score or suggestion contained in paragraph 3 of telegram 416.<sup>3</sup> Moreover if they adhere to return to *status quo ante* at Dairen Inspector General of Customs might well insist that that involves prompt remission of funds to Shanghai. It might be arranged that Fukumoto should be reinstated on the understanding that he immediately gives instructions for remittances to Shanghai and then proceeds on leave, an arrangement having been previously worked out as to treatment to be eventually accorded to him (pension, resignation or dismissal etc., over which Inspector General of Customs can bargain).

(c) If Inspector General of Customs can find a suitable formula whereby Japan would undertake to make up any deficit to China and China hand over any excess to Japan should Dairen revenue fall short or exceed the total of Manchurian quota for foreign loans pending final solution of Manchuria question.

2. Both (a) and (b) should be surmountable without anything being put on paper but (c) will present considerable difficulties. It would seemingly involve some written agreement in which it would be difficult to avoid mention of Manchukuo but attitude of Chinese Government indicates they would refuse point blank to countenance anything of this kind. It might however be possible to dispense definitely with agreement on point (c) if discussions on the subject were to lead up to a tacit understanding between Inspector General of Customs and Japanese authorities based on the fact that Japanese always in the last resort have Dairen Customs under their thumb. Inspector General of Customs maintains that Dairen revenues are unlikely to exceed Manchuria's fair quota for foreign loan service and administration expenses. Japanese might accept this provisionally and concur in any remittance of Dairen revenue as a whole while indicating their intention to re-open the question later if they considered his estimate was not justified by facts and figures. These can only be ascertained if Customs staff is allowed to function unhampered in Manchuria. But all this can only emerge from direct discussions between the two parties. It is not unlikely that Japan's policy may be to spin out negotiations until a fresh situation is created by recognition of Manchukuo or some other development: but there is just a chance that direct discussions might produce a solution.

3. From what Mr. Yano said to me yesterday I can see Japanese would like me to lend a helping hand during these conversations but I am reluctant to get marooned in Shanghai for any length of time away from archives.

Repeated to Shanghai, Tokyo and Mission.

<sup>3</sup> No. 488.

**No. 506**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 4, 9.30 p.m.)*

*No. 439 Telegraphic: by wireless [F 5339/451/10]*

PEKING, July 4, 1932

Following message from Inspector-General of Customs dated June 29th received through Commissioner of Customs here. Begins:

With reference to Minister of Finance's telegram to you dated June 26th<sup>1</sup> through Shanghai Consul-General stating that if Dairen customs revenue is left intact for remittance to Inspector-General of Customs as usual he would not withdraw Customs staffs concerned if revenue is forcibly seized at other Manchurian posts, I strongly urge acceptance of this plan as most practical solution to a highly involved and delicate situation and which approximately accords with your own proposal. Furthermore such plan would obviate periodical discussion with Manchurian authorities, readjustment of monthly quotas etc. and from political standpoint therefore would be easier of approval by Nanking Government. I ought to add that no solution which would recognize the authority of Manchuria in leased territory or which implies recognition of Manchuria by Chinese Government would be acceptable to Sir F. Maze. Ends.

<sup>1</sup> See No. 468.

**No. 507**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 4, 9.30 a.m.)*

*No. 440 Telegraphic: by wireless [F 5335/451/10]*

PEKING, July 4, 1932

In private informal conversation with my Japanese colleague this morning I told him that I thought methods pursued by Manchuria in dealing with Chinese Customs could only prejudice the chances of settlement and alienate Chinese government who might have been prepared to meet reasonableness with reasonableness. If Japanese government sincerely desired a settlement I begged they might bring pressure to bear on Manchuria to put an end to these high handed methods.

My French and Italian colleagues have undertaken to speak in a similar sense.

Repeated to Tokyo, Shanghai, Mission.

*Mr. Ingram (Peking) to Sir J. Simon (Received August 17)**No. 799 [F 6224/1/10]*

PEKING, July 4, 1932

Sir,

With reference to Sir Miles Lampson's despatch No. 59<sup>1</sup> of January 12th last, I have the honour to transmit herewith a copy of a further interesting report by Mr. Vice-Consul R. H. Scott on a recent visit which he paid to North Manchuria, on the occasion of His Majesty's Minister's departure on home leave via Siberia.

2. The report furnishes much useful information on the magnitude and difficulty of the task which now confronts the Japanese military in their efforts to eradicate from North Manchuria all elements hostile to the Manchukuo Government; and shows how the struggle against these elements has in the last four months become embittered by the growth, even among the peasantry, of an intense hostility to Manchukuo and to its creators. It is, indeed, daily growing more evident that the Japanese grossly miscalculated the position in North Manchuria and that in order to complete the pacification on which they have embarked they have become involved in a campaign of a severity and duration which were never contemplated when first they invaded the country. General Honjo is reported to have said that it would take the Japanese three years and 300,000 troops to stamp out banditry, and from present indications this estimate does not seem excessive.

3. In Mr. Scott's view the hostility to the new régime which struck him so forcibly is due not so much to love for the old régime as to the fact that the new one is so very Japanese, and he expresses the view that if the Japanese had been content to drive away the troops under the more or less direct control of Chiang Hsüeh-liang and his allies, and then to assist a new government to power by financial backing and the grant of military supplies, leaving the new government to deal in its own time and in the usual Chinese way with its rivals and the bandits, public opposition to the new state would not have been nearly so pronounced. The point is somewhat academic now, but I am inclined to think that if there had to be a pacification it was only possible through the use of Japanese troops. Whether it is possible even by the use of Japanese troops is a matter on which intelligent and well-informed people differ.

4. A point of great and increasing interest to which Mr. Scott refers in the later paragraphs of this report is that of the actual relationship between Manchukuo and Japan. Granted that the Manchurian State is the creation of Japan, is it safe to assume that Japan's word is law and her will absolute? Hitherto, most observers would have replied without hesitation in the affirmative, but time is passing and the situation is changing and Mr. Scott notes that although actually in complete military and financial control of the new state the Japanese are already compelled to tolerate a certain amount

<sup>1</sup> See Volume IX, No. 77, enclosing Mr. Scott's report of December 31, 1931.

of independence and to give the new state a certain amount of 'face' as the price to be paid for inducing the Chinese members of the administration to play their parts in the game. Short of annexing Manchuria Japan cannot establish a purely Japanese administration. She has promised the Chinese of Manchuria to assist them in the establishment of a new and autonomous state; the continued existence of that state depends on the acquiescence and co-operation of the Chinese, and it seems not unlikely that Japan is finding it necessary to yield something to the demands of the latter that their independent status should be something more than an empty form.

5. The same question—of their exact position *vis-à-vis* the Japanese Government—poses itself to some extent also with regard to the Japanese advisers who form the backbone of the new Manchurian administration. How far are they regarded as the agents of their home Government and how far do they represent the adventurous, quasi-fascist elements in the army and elsewhere who seem to have been largely responsible for the course of recent events in Manchuria and whose actions do not appear to be always in keeping with the official policy in Tokyo? This is a question which I am not in a position to answer. But I do not think it can be assumed that even the Japanese side of the Manchurian administration is always directly subject to the control of the Japanese Government.

6. Nevertheless, in spite of these elements of independence, the fact remains that Manchukuo was brought into being by the actions of the Japanese army, on the continued support of which its survival must, for some time at least, depend. In these circumstances, while, as Mr. Scott points out, the ultimate success or failure of the new state, provided it continues to enjoy Japanese protection, is likely to be settled by the attitude of the people of Manchuria towards it, the question whether or not it is to continue in existence is one which, as far as the immediate future is concerned, will be decided by Japan and possibly to a great extent by internal developments in that country.

I have, &c.,  
E. M. B. INGRAM

ENCLOSURE\* IN No. 508

*Mr. Scott to Mr. Ingram*

*Confidential*

PEKING, June 12, 1932

Sir,

I have the honour to report that I returned to Peking on the 9th June from a short trip to Manchuria. I left Peking on the 25th May, and, travelling via Dairen, visited Harbin, Manchouli, Tsitsihar and Mukden, returning to Peking via Chinchow and Shanhaikuan.

I venture to submit, for what it may be worth, the following account of some of the impressions which I gained during the course of this short visit:—

2. In the last report, dated the 31st December, 1931, which I had the honour to submit to His Majesty's Minister on my travels in Manchuria

during October, November and December of last year, I expressed my belief that Japan intended to create in Manchuria a new State independent of China; that the Japanese army authorities were under-estimating the resistance which would be offered to the new State by 'bandits' and forces of irregular soldiery, and would be unable to deal with the situation thus created without heavy reinforcements and the expenditure of further vast sums of money; and that the 'open door policy' would not be applied in practice.

3. To anyone travelling in Manchuria to-day it is so glaringly obvious that the Manchoukuo Government is directed and defended and supported by Japan that Japanese attempts to evade their responsibility and to disavow their connexion with the new State are inexplicable. Manchoukuo is the child of the Japanese army, and had as much to say as other children on the question whether it should be brought into the world or not. It exhibits lively symptoms of alarm whenever it is persuaded to venture away from its mother's apron-strings. Manchoukuo troops show a disturbing readiness to join the enemy when engaged in anti-'bandit' drives; the commander of the Manchoukuo railway guards on the western section of the Chinese Eastern Railway admitted to me in strict confidence that he had great sympathy with the bandits against whom he was supposed to defend the line, and that, whilst he had to safeguard his own position, he was not averse to assisting the Chinese troops carrying on the guerilla warfare. Accordingly, even since the capture of Harbin and the actual proclamation of the Constitution of the new State, it has been found necessary to pour further reinforcements of Japanese troops (sometimes disguised as additions to the Japanese railway guards and gendarmerie) into Manchuria to bear the brunt of the military operations and to stiffen the *moral* of the Manchoukuo forces. I estimate that there are now about 40,000 regular Japanese troops in Manchuria, in addition to the Japanese railway guards (about 15,000) and Japanese gendarmes (perhaps 10,000-15,000).

4. Japanese troops are now as far north as Hailun and Koshan (over 100 miles north-west of Harbin) in an effort to stamp out the large, semi-organised bodies of Chinese soldiers and bandits before the winter sets in. In this campaign both sides are displaying the utmost brutality towards their opponents. When I remarked on the absence of Japanese fellow-passengers on the train between Harbin and Angangchi, a Soviet railway official informed me that he had himself seen a train on that line stopped by 'bandits' a week earlier, and two Japanese passengers (the only ones on the train) taken off and slain. The Japanese authorities have now forbidden Japanese citizens to travel on the section in question. I was informed in Harbin that the Chinese casualties in neighbouring villages were so heavy that the Japanese army authorities were contracting to have bodies buried for 10 cents apiece (about 1½d.); but I was unable to verify this story, and some accounts stated that the amount was 12 cents. At any rate the ruthless methods adopted by the Japanese in particular are alienating the sympathy even of those foreigners who were by no means inclined to be pro-Chinese. The

wiping out of whole villages by aerial bombardment (now a common occurrence in the course of these campaigns) not only fails to affect the large nomadic guerilla bands, it deprives the villagers of their means of support and drives them to banditry in turn, thus destroying all semblance of law and order in the districts where these operations are carried out, which are, as a rule, the districts adjacent to the railways. I referred to this question in my report dated the 19th December, 1931,<sup>2</sup> on a visit to Hailun and thence across country to Tsitsihar; but the situation is now worse. Such actions may be, and in the Japanese view are, justified by military necessity; but, politically and economically, the results are disastrous. By disrupting communications (and that in important areas near the railways) and by reducing the area under cultivation living conditions for the peasantry are becoming still worse, and from the political point of view the results are equally marked. I was astonished at the change which has taken place in popular feeling. The comparative indifference with which, six months ago, the average peasant and worker regarded the overthrow of the old régime has been replaced by a feeling of definite hostility towards the Japanese and all their works—of which the Manchoukuo Government is regarded as the outstanding example. The student classes are almost fanatical in their hatred of the Japanese (this is aggravated by the closing of colleges and the occupation of many schools by Japanese troops), and, once their confidence is gained, police, soldiers and even officials, in the employ of the new Government, do not hesitate to express their frank dislike of the Japanese and of the Manchoukuo Government.

5. I venture to think that these opinions and sentiments are not the natural and to-be-expected results of the policy pursued by Japan in Manchuria during the past nine months; they are rather the consequences of the methods by which that policy has been carried out. It is not so much the overthrow of the old régime which is unpopular; it is the fact that the new one is so very obviously Japanese. The present anti-'bandit' campaigns are deepening the resentment against Japan, and the resentment arises not so much from the brutality and ruthlessness of the Japanese methods (the feature which impresses foreign observers so strongly), as from the fact that the campaign is conducted by Japanese troops. That is to say that if the Japanese had been content to drive away the troops under the more or less direct control of Chang Hsueh-liang and his allies, and then to consolidate their positions and assist a new Government to power by financial backing and the grant of military supplies, leaving the new Government to deal in its own time and in the usual Chinese way with its rivals and the bandits, public opposition to the new State would not have been nearly so pronounced.

6. As it is, the Chinese leaders, particularly in the north, have adopted a form of guerilla warfare. I know from my own experience that they had been contemplating this as early as last November (please see paragraph 5 of my report dated the 20th November, 1931,<sup>3</sup> on a visit to Manchouli, and paragraph 12 of my report dated the 19th December, 1931,<sup>2</sup> from Harbin)

<sup>2</sup> See Volume IX, No. 12.

<sup>3</sup> Not printed.

and, given adequate military supplies and vigorous leadership, it promises to be remarkably successful. The long lines of communications to be guarded by the Japanese—the nature of the country, affording cover and food to guerilla forces—the superior physique of the Chinese—the hardy nature of their Mongolian ponies, procurable everywhere and demanding little grain food and no shelter (in marked contrast to the horses which the Japanese persist in using)—and the widespread sympathy, even among the Manchoukuo forces co-operating with the Japanese, with the bandits; these factors make suppression of organised and well-directed brigandry a very difficult task. I was informed by a Manchoukuo official that on his recent visit to Harbin, General Honjo had declared that the Japanese would need 300,000 men and three years to stamp out banditry, and, he had added, 'Japan can afford neither.' I understand that he informed the League Enquiry Commission in a private communication that more than five years would be required.

The Japanese military authorities find it hard to believe that the guerilla warfare can be maintained without outside (e.g., Soviet) assistance. It is extremely difficult to obtain reliable information on this subject, but from such enquiries as I was able to make (particularly from Japanese officials, Chinese agents of General Ma Chan-shan, and customs officials), I believe that Soviet assistance is at present confined to the districts near Vladivostok and takes the form rather of facilitating shipments of arms through to the Chinese than of active assistance. I understand, however, that the Soviet authorities are prepared to take a much more active (though still secret) part in the guerilla warfare if the Japanese threat to their Far Eastern territories becomes more serious. Judging from appearances only, one might hazard a guess that there is, or has been, a Soviet-Japanese understanding, but that both sides are double-crossing the other.

The Japanese also appear to make the mistake of treating the 'bandit' question as entirely a political one, whereas, of course, bandits are hardy perennials in Manchuria, and their increase this year has been stimulated by the general economic depression.

7. The difficulty of dealing with the bandit situation, the increasing unpopularity of the Manchoukuo Government, and certain signs of ingratitude and of a desire on the part of the Manchoukuo authorities to take up a somewhat more independent attitude than their Japanese guardians are willing to tolerate, are inducing the Japanese to consider the modification of their plans; and they are now proposing to disperse the large bands of bandits by the winter, and then to retire and to consolidate their positions in important centres and along the main lines of communications, leaving the situation in the interior and in Eastern Heilungkiang to settle itself; then, as Japanese-trained Manchoukuo troops become available to replace them, the regular Japanese troops will gradually be reduced and withdrawn still further. They have, so far, failed to deal with the situation along the eastern section of the Chinese Eastern Railway, from Harbin to Pograditchnaya, near Vladivostok, where the resistance is particularly well organised—



probably, with indirect Soviet assistance—and it is possible that the Japanese military authorities may not wish to make unduly strenuous efforts in this region on account of possible political complications with the Soviets. They may also have it in mind that the suspension of traffic on this line affects the bulk of Soviet imports into Manchuria, which are shipped from South Russia to Vladivostok and thence sent by rail to Harbin, and which must now therefore either remain in warehouses in Vladivostok or be diverted via Dairen, thus increasing their cost and benefiting the South Manchurian Railway, which is in severe financial straits.

8. But, meanwhile, during the period when Japanese influence with the new State is likely to be at its highest, the Japanese authorities are taking advantage of their present dominating position to safeguard their own interests against the time when Manchoukuo may attain its majority and, perhaps, be unmindful of its debt to its founders. Long-standing disputes over the ownership of land are, for instance, now being settled by the Manchoukuo authorities formally acknowledging the rights of the Japanese claimants and registering their title deeds. Plans are being drawn up for the extension of Japanese concessions or special areas; and agreements, concessions, and contracts of various kinds granting various rights and privileges to the Japanese authorities or to Japanese firms are being discussed. Contracts for Government supplies go to Japanese firms if there is one competing in that particular line, and Japanese firms are assisted by their authorities by every means in their power at the price of permitting governmental supervision of their policy—the Swedish match factories in Manchuria are, for example, nominally Japanese owned, and I was informed, in confidence by their Swedish manager, that the firm is accorded treatment similar to that in the case of genuine Japanese companies; that is to say, provided they open their books to Japanese officials and admit them to board meetings and adhere to their instructions in matters of general policy, they can rely on a great deal of assistance from the Japanese authorities; they are enabled to evade certain taxes payable by competing firms; and they are given prior rights over available rolling-stock in the transportation of their goods. Secret rebates on railway freight rates are granted in respect of certain classes of Japanese goods.

I was informed by a Manchoukuo official at Tsitsihar that their instructions were to refer all schemes for the development or undertaking of new enterprises by foreign firms to the Japanese advisers, whose policy was to investigate whether the new business could be undertaken by a Japanese firm. If so, the foreign firm was to be 'discouraged' even if the Japanese were not able to take any immediate steps in the matter—the scheme could wait until such time as Japanese financiers were able to put it into operation. Smuggling on a large scale is now taking place at Dairen and on the Korean border—smuggling which could not succeed without definite Japanese official connivance; and as the goods smuggled are almost exclusively Japanese this amounts in effect to another subsidy to Japanese traders against their competitors and at the expense of the Nanking Government's customs

revenue. Certain foreign firms are, in fact, already considering closing down in Manchuria, and the main interest of the older established foreign banks in Harbin seems to be the collection of old debts and not the transaction of new business. So much for the open door policy; yet it would seem to be in the best interests of Japan and of Manchoukuo to encourage foreign countries to increase their stake in Manchuria and to give them an interest in the maintenance of the new State.

9. A feature of the situation at the moment is the anomalous position of the Chinese Maritime Customs stations and officers in Manchuria. The various stations are continuing to collect the revenues in the name of the Central Government, and, at Manchouli, the Kuomintang flag is still flying over the custom-house. The sums thus collected are paid into the local branches of the Central Bank of China (in accordance with standing arrangements) for transmission to Shanghai, but the Manchoukuo authorities, on the instructions of their Japanese 'advisers', have ordered the Bank of China to transfer all such funds to the Bank of the Three Eastern Provinces, which is directly under the control of the Manchoukuo Government. But whilst the Nanking Government are thus not receiving any remittances from the customs stations in Manchuria (with the interesting exception of that at Dairen), the Manchoukuo authorities have so far taken no steps to use the money lying to the credit of the Customs in the Three Eastern Provinces Bank. This situation will obviously not continue. I stayed in Harbin at the house of the (English) Commissioner of Customs, Mr. Prettejohn, and whilst I was there an emissary of the Manchoukuo Government came to notify the commissioner that the Government intended to appoint an Inspector-General of Customs in Manchuria<sup>4</sup> as they were urgently in need of funds, to which Mr. Prettejohn bluntly replied that to do so would be a great mistake—why not simply use the revenues they were seizing and let the administration function as usual?

This emissary had visited Mr. Prettejohn some weeks before, and had told him that it was necessary for the Manchoukuo Government to take some action in respect of the Customs, but that they did not propose to make a move until the League Enquiry Commission had left Manchuria! The commission having left by the time of my visit to Harbin, the Manchoukuo Government felt themselves at liberty to take action.

The same gentleman also informed Mr. Prettejohn that the Manchoukuo Government had been pleasantly surprised to encounter no opposition from the Powers, and that they therefore proposed going ahead with their plans!

The position of the Customs at Dairen is extremely galling to the Japanese and Manchoukuo authorities, for the revenue collection at Dairen is much larger than elsewhere in Manchuria, yet it cannot be seized as the custom-house is in Japanese-controlled territory, and Japan must therefore either recognise Manchoukuo or identify herself openly with the new State before she can permit the revenue to be diverted from Shanghai to Changchun.

10. I heard some interesting stories concerning the visit of the League

<sup>4</sup> Cf. No. 398.

Commission. The Japanese, of course, made the most elaborate arrangements for 'protecting' the members and staff of the commission (i.e., for spying on their activities) and for preparing evidence to suit their case. In Tsitsihar, for instance, I was informed by the (Manchoukuo) Commissioner for Foreign Affairs (who has contrived to retain his position under five successive changes of Government there and with whom I am well acquainted) that he had been instructed to prepare in conjunction with a Japanese adviser the answers which the Governor-General, Cheng Chi-yuan, was to make to a series of questions to be submitted to him by the representatives of the League Commission who were coming to Tsitsihar and who had furnished an advance copy of the questions they proposed to put at the interview with General Cheng. The answers were carefully prepared to the satisfaction of the Japanese adviser and handed to the Governor, who was advised to learn them by heart.

General Cheng is a delightful Chinese of the old school, and had commanded a cavalry brigade under General Ma Chan-shan during the fighting against the Japanese last year. He speaks only Chinese; dislikes the Japanese intensely, without having any affection for the Nanking Government; and, I am convinced, firmly believes that he is serving not only his own best interests, but also those of the common people, in being sensible enough to take office under the Japanese when there is no longer any hope of defeating them. I had met him on several previous occasions, and thought him one of the best Chinese leaders I had met.

He accordingly agreed to deliver the replies thus prepared for him, at the same time arranging for a warning to be conveyed in advance to the commission's representatives that they were not to trust any of his evidence; but, to his consternation (and to the amusement of my informant, who heartily enjoyed the discomfiture of the Japanese), various supplementary questions were put to him. Not having been primed with suitable replies, and conscious of his attentive audience, which included several Japanese, he was reduced to talking nonsense, saying on one occasion 'This is a cigar,' when asked about projected railway developments. Nevertheless, when the representatives of the commission had retired, the chief local Japanese adviser congratulated the Governor warmly on the way in which he had acquitted himself during the interview.

11. The Commissioner for Foreign Affairs warned me not to ask General Cheng any awkward questions when I called on him. At the interview I therefore carefully abstained from asking the Governor (who was accompanied by two secretaries) any embarrassing questions, but was somewhat taken aback when General Cheng suddenly enquired whether, in my candid opinion, his conduct had been dignified and that of an honourable man? I parried this question; and, after the interview was over, a bottle of whisky was pressed on me 'as a small token,' I was told, 'of the Governor's gratitude for not having embarrassed him by asking awkward questions.' The secretary who conveyed this message was also instructed, he informed me, to answer any questions I cared to put and to explain the real state of affairs.

Amongst other interesting pieces of information given me by this official, he informed me that the Japanese military authorities had written to General Cheng asking him to recognise formally that a certain section of the town of Tsitsihar was to be regarded in future as a Japanese Concession. To this General Cheng replied that, as the Japanese controlled the whole, it was clearly unnecessary to set aside any part as being definitely under Japanese control and ownership—unless, indeed, by so suggesting, the Japanese proposed to withdraw from the remaining sections of the town? The Japanese took the hint, and have so far made no reply.

This incident not only exemplifies the Japanese land policy, but illustrates the peculiar nature of the relations between the Japanese authorities and the Manchoukuo Government; although actually in complete military and financial control of the new State, the Japanese are already compelled to tolerate a certain amount of independence and to give the new State a certain amount of 'face' as the price to be paid for inducing the Manchoukuo Government, and in particular men like General Cheng (who is very popular in Heilungkiang), to play their parts in the game.

12. It may be of interest to refer to the attitudes of the correspondents of the leading foreign newspapers towards Manchuria. The American papers, which sent some well-known journalists from Europe to Manchuria last year in the hopes of an early Russo-Japanese war, have now lost interest to some extent, though they have throughout been inclined to be anti-Japanese. The 'Daily Mail' and the 'Morning Post,' on the other hand, have given standing instructions to their correspondents to give their reports a definitely pro-Japanese colouring; and the correspondent of the 'Daily Telegraph' is notoriously in Japanese employ.

13. Manchoukuo would collapse without the support of Japan and Japanese arms; on the other hand, it cannot flourish without popular support, and the amount of popular support is in inverse ratio to the prominence of the Japanese rôle. There are at present no indications that Japan intends to annex Manchuria; on the contrary, the evidence, as I see it, points, I venture to think, Sir, to Japan's desire to consolidate the authority of the new State and to seize the present opportunity to extort from the Manchoukuo authorities various concessions and privileges for herself, and then to withdraw as far as possible to the background, having secured and ensured the permanent enjoyment of a special privileged position in Manchuria. Whether this plan will succeed depends to some extent on the reactions of foreign Powers; to a much greater extent on the financial resources of Japan and on the course of internal events there; but ultimately on the attitude of the people of Manchuria. The question is, therefore, whether the methods adopted in the inauguration of the new State, and the undisguised prominence of the part played by Japan, have or have not destroyed any chance of securing the willing acquiescence of the Chinese in Manchuria to the continued existence of Manchoukuo as an independent State divorced from the motherland of the vast majority of its inhabitants.

<sup>s</sup> Mr. G. W. Gorman. Cf. No. 519 below.

14. I have marked this report 'Confidential,' as it contains some information the publication of which would make my informants' positions untenable.<sup>6</sup>

I have, &c.,  
R. H. SCOTT

<sup>6</sup> This despatch was minuted by Mr. Orde and Sir V. Wellesley and initialed by Mr. Eden and Sir J. Simon as follows: 'It is an excellent report and most instructive. It strengthens the impression that Japan has time against her in Manchuria, unless she is prepared to face a serious and long-continued drain on her resources. My own feeling is that her ultimate repentance, if it is to come, will come all the sooner if other Powers do not exercise pressure on her, at least undue and public pressure. C. W. Orde 31/8.'

'I agree. It is a case of letting her have more rope to hang herself with, but that is a difficult policy to pursue at Geneva. V. W. 1/9/32.' 'A. E. Sept. 2nd.' 'J. S. Sept. 4.'

### No. 509

*Mr. Ingram (Peking) to Sir J. Simon (Received July 6, 9.30 a.m.)*

*No. 443 Telegraphic: by wireless [F 5383/451/10]*

Your telegram No. 121.<sup>1</sup>

PEKING, July 5, 1932

Mr. Holman has acquainted Minister for Foreign Affairs with general views and attitude of His Majesty's Government. Minister for Foreign Affairs explained he was so far without information as to the lines which Minister of Finance contemplated taking but that presumably he had not modified the views which he had expressed to me in previous conversations regarding this question (see His Majesty's Minister's telegram No. 243).<sup>2</sup> He holds that China's honour is at stake and it is better to maintain this with loss and suffering rather than to agree to any compromise.

Repeated to Tokyo and Shanghai.

<sup>1</sup> No. 451.

<sup>2</sup> Of March 30, not printed. Cf. No. 173.

### No. 510

*Mr. Ingram (Peking) to Sir J. Simon (Received July 6, 9.30 a.m.)*

*No. 447 Telegraphic [F 5371/451/10]*

PEKING, July 6, 1932, 10.46 a.m.

Following received from Shanghai 189 July 4th begins:

Addressed to Peking 189, repeated to Mission.

My telegram 187.<sup>1</sup>

Mr. Chang Fu-yun<sup>2</sup> called today and informed me on behalf of Minister of Finance that latter had discussed Manchurian issue with Minister for Foreign Affairs and Wang Ching-wei and they had decided that Chinese Government would not be a party to any understanding, tacit or otherwise, that could be regarded as committing them to recognize Manchukuo or its

<sup>1</sup> No. 501.

<sup>2</sup> Director of the Customs Administration Section of the Chinese Ministry of Finance.

right to Customs revenues. They would go no further than Mr. Sung's previous message to you transmitted in my telegram 175.<sup>3</sup>

As regards Fukumoto he was guilty of gross insubordination and was at present time collecting Customs revenues illegally on behalf of Manchukuo. It was not in the interest of Customs service to condone his offence by cancelling his dismissal.

Chinese Government however, as distinct from Inspector General of Customs, were willing to meet wishes of Japanese authorities by some compromise short of cancellation of dismissal but Chang Fu-yun would not say what exactly they were prepared to do. I gathered they did not wish to show their hands too soon and they first wanted reply from Japanese Legation regarding nomination of Kishimoto to Dairen post. He remarked after payment of foreign and domestic obligations Customs showed deficit of over 107,000 taels for month of June.

Finally he said Minister of Finance asked that His Majesty's Government should do their utmost in accordance with Nine Power treaty to preserve Inspector General of Customs control over Customs establishments in Manchuria apart from the question of revenues.

<sup>3</sup> No. 468.

## No. 511

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 6, 10.30 a.m.)*

*No. 290 Telegraphic [F 5354/1/10]*

TOKYO, July 6, 1932, 2 p.m.

I had serious conversation this morning with Vice-Minister for Foreign Affairs on the whole Manchurian question.

After telling him that I had no instructions and that I was speaking as I had often done to Mr. Yoshizawa as an old friend of Japan I asked him to consider results of policy now advocated in many quarters of recognising Manchuria and taking over Manchurian Customs. Japanese thesis that independence was spontaneous was regarded by all foreigners as pure humbug whatever might be said officially and I foresaw if policy of recognition etc. was carried out, Japan would find herself isolated in a hostile world. I did not mean that there was any chance of war or economic sanctions but with Soviet Russia on the watch, with China openly hostile, America and whole League of Nations antagonistic I regarded Japan's future as hopelessly compromised. This was not my principal preoccupation which was defence of British interests. His Majesty's Government and people of Great Britain were by tradition and by interest friends of Japan, and it would not . . .<sup>1</sup> us at all that she should expose to the universe ill-feeling<sup>2</sup> and distrust.

<sup>1</sup> The text is here uncertain. It was suggested on the filed copy that this passage should read: 'would not please us'.

<sup>2</sup> It was suggested on the filed copy that this passage should read: 'she should be exposed to universal ill-feeling'.

On the other hand she had all the cards in her hands and by showing political wisdom she would now obtain everything necessary to her future in Manchuria and regain her lost position with world by negotiating with China.

Vice Minister for Foreign Affairs listened carefully and promised to report conversation to Count Uchida who will be installed as Minister for Foreign Affairs today.<sup>3</sup>

<sup>3</sup> In his despatch No. 358 of July 7 to the Foreign Office (received August 12) Sir F. Lindley gave a further account of this conversation and added:

'7. I called on my French colleague yesterday afternoon and informed him of what I had said to the Vice-Minister for Foreign Affairs. Count de Martel told me that he had himself had a conversation the day before with Mr. Arita, and he was good enough to read to me his telegram to the Quai d'Orsay reporting that conversation. To my great satisfaction I found that the Count, attacking the problem from a slightly different angle, had given Mr. Arita practically the same advice as myself, so that Count Uchida can be under no misapprehension as to our personal views. Last night I saw Mr. Grew, the new American Ambassador, and I also informed him of what I had done. He already knew of Count de Martel's conversation, and he expressed the opinion that we had done everything possible to bring the Japanese Government to their senses. He, very wisely in my opinion, decided that his best course was to take no action at all since anything he said was bound to be resented at the present time and might very well get into the newspapers. Although I fear that my views are unlikely to prevail in the face of the continuous agitation for recognition and in view of the official pronouncements made by the Prime Minister, reported in an earlier paragraph [see No. 456], I felt that I could not conscientiously refrain from making a last effort to bring the Japanese Government to a realisation of the very dangerous position into which they were drawing their country; and I trust that you will share my opinion that, whether any good comes of my warning or not, I have done nothing to aggravate the situation.

'8. Count Uchida arrived at last in Japan on the 5th July, and I am about to make my first official visit to His Excellency as Minister for Foreign Affairs. I had hoped that my warnings would reach him before he had had time to make any pronouncements as to his future policy, but I regret to say that during the journey he made some statements to the Press which will make it unnecessarily difficult for him to refrain from recognising Manchukuo, at any rate for a reasonable time.'

## No. 512

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 6, 9.30 a.m.)*

*No. 292 Telegraphic [F 5386/1/10]*

TOKYO, July 6, 1932, 3.5 p.m.

My telegrams 269/270.<sup>1</sup>

Vice Minister for Foreign Affairs was bitterly attacked in the papers this morning for having assured me personally that Manchukuo would not be recognised whilst League commission was in the Far East. I told him the

<sup>1</sup> Nos. 455 and 456.

indiscretion did not come from this Embassy and it is important that no mention should be made of it anywhere. His personal safety is involved.<sup>2</sup>

Repeated to Peking.

<sup>2</sup> Mr. Broad minuted on the file: 'We have not said anything here. . . . The information may have been given to the press at Tokyo by Mr. Shiratori, the diehard head of the press-bureau. . . . P. Broad. 7th July 1932.' In a letter of July 8 Mr. Orde asked Mr. Cadogan (at Geneva) to tell Sir E. Drummond 'that a leak has taken place and that the consequences may be serious'.

### No. 513

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 7, 10 a.m.)*

*No. 291 Telegraphic [F 5417/1/10]*

*Confidential*

TOKYO, July 6, 1932, 3.15 p.m.

My immediately preceding telegram.<sup>1</sup>

Owing to Lord Lytton's illness I have only had short conversation with him just after his arrival. In that he sketched out his intention to inform Japanese Government that commission were here to help them and not to condemn them and to put before them the advantages of not antagonizing the world. This led me to use to Vice Minister for Foreign Affairs language reported, which is elaboration of what I have used in private conversation with Yoshizawa. I wished it to reach the new Minister for Foreign Affairs before he made any public pronouncement.

<sup>1</sup> No. 511.

### No. 514

*Mr. Ingram (Peking) to Sir J. Simon (Received July 6, 10 p.m.)*

*No. 442 Telegraphic: by wireless [F 5382/2173/10]*

PEKING, July 6, 1932

My telegram No. 354.<sup>1</sup>

Minister for Foreign Affairs recently denied to Mr. Holman the truth of a press report that Motehui had reported to him on the result of discussions in Moscow and stated that Motehui was still in Italy.

Mr. Holman learns however from Vice Minister that informal conversations are in fact taking place between Chinese and Soviet representatives in Moscow.

<sup>1</sup> No. 431.



No. 515

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 134 Telegraphic [F 5353/16/10]*

FOREIGN OFFICE, *July 7, 1932, 6.30 p.m.*

Your telegram No. 433<sup>1</sup> (of July 3rd).

Personnel of Mission costing £12,000 a year would consist of one Group Captain (equivalent to full Colonel in the Army) one Wing Commander (Lieutenant Colonel) one Squadron Leader and six Flight Lieutenants.

If only advice is needed something could be done with fewer officers, two or three at most, and cost would be reduced proportionately, but if Mission is expected to organise training establishments Air Ministry consider that nothing less than the number suggested would produce satisfactory results.

Air Ministry consider it most unlikely that British aircraft manufacturers would defray any of the expenses of the Mission.

<sup>1</sup> Not preserved in Foreign Office archives. According to the docket it reported that: 'Vice Director of Aviation Bureau has again pressed for declaration regarding composition [of proposed British aviation mission to China; see No. 400]. At same time he expressed view that cost was too high. Negotiations regarding aviation missions are also proceeding with France and Austria. Enquires whether estimate given in Foreign Office telegram No. 111 [i.e. No. 400] is lowest possible.'

No. 516

*Mr. Ingram (Peking) to Sir J. Simon (Received July 8, 9.30 a.m.)*

*No. 451 Telegraphic: by wireless [F 5422/5422/10]*

PEKING, *July 7, 1932*

Your despatch circular W. 4808/4808/50.<sup>1</sup>

I assume above circular does not strictly apply to consular officers.

<sup>1</sup> This circular, dated May 25, was entitled 'Avoidance of Recognition of Governments not formally Recognised by His Majesty's Government in the United Kingdom', and read as follows: 'Sir, I have had under consideration the possibility that a Government not formally recognised by His Majesty's Government in the United Kingdom may be accorded recognition accidentally or may claim to have received such recognition owing to the receipt of a written communication from His Majesty's Representative in the country concerned.

'2. To avoid this risk, His Majesty's Representative in the country concerned should, during the period of interrupted relations, abstain as far as possible from addressing written communications to the *de facto* Government. The only safe exception to make to this rule, in the event of a written communication of some kind being held to be necessary, is for His Majesty's Representative to address a private letter to the person who claims to be Minister for Foreign Affairs or the holder of some other office, addressed to him by name, but avoiding all mention of the official title or office claimed by the recipient.

'3. As a general rule it is safer not to acknowledge in writing communications received from a Government which has not been recognised by His Majesty's Government, but where such written acknowledgment is held by His Majesty's Representative to be essential, it should take the form of a private letter addressed in accordance with the instructions contained in paragraph 2 above. I am, &c., John Simon.'

As regards present position in Manchuria I presume;

(a) That consular officers should not address official communications to members of Manchurian Government mentioning their office or title but

(b) That there is no objection to their addressing such communications to local (i.e. provincial or municipal) officials if necessary for conduct of business.

Is there any objection to them addressing, if necessary, subordinate officials of Manchukuo Government departments mentioning their office?

Copy to Mukden, Harbin, Newchwang and Mission.

#### No. 517

*Mr. Ingram (Peking) to Sir J. Simon (Received July 7, 5.30 p.m.)*

*No. 452 Telegraphic: by wireless [F 5414/451/10]*

PEKING, July 7, 1932

Following received from Shanghai No. 191, July 6th.

Begins.

Addressed to Peking No. 191, repeated to Mission.

Local press publishes statement that Chinese Government is contemplating retaliatory customs duties to be levied in China on goods destined for Dairen.

Inspector General of Customs informs me while such action will probably be taken eventually if Manchurian and Dairen customs become definitely independent of China, there is no intention of adopting reprisals against Dairen until all hope of compromise fails. He is recommending utmost caution in this respect.

#### No. 518

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 587 [F 5239/1/10]*

FOREIGN OFFICE, July 7, 1932

Sir,

The Chinese Chargé d'Affaires called at this department on the 28th June to enquire what action was contemplated by His Majesty's Government as urged by the Chinese Government<sup>1</sup> in view of the possibility that the Japanese Government would accord early recognition to the new Administration in Manchuria, and in view of the action which had been taken by the Japanese in regard to the Customs in Manchuria and at Dairen.

2. It was not thought advisable to do more than convey a hint to Dr. Chen—as, indeed, had been done on a previous occasion—that, as regards the former question, the views of His Majesty's Government concerning the desirability of avoiding hasty action and additional complications had been

<sup>1</sup> See No. 458.

made known to the Japanese Government.<sup>2</sup> Dr. Chen explained that the Chinese had received the impression at Geneva that they need not feel undue alarm at the moment, and, in the light of Sir F. Lindley's telegram No. 269 of 25th June,<sup>3</sup> it was observed that this impression was, it was thought, correct. It was explained that there would be a danger of doing harm and not good should efforts be made to put pressure on the Japanese Government, whether by direct representations or by a resolution at Geneva.

3. It was intimated to Dr. Chen that the same general considerations applied in the case of the Customs question.

I am, &c.,  
(For the Secretary of State)  
C. W. ORDE

<sup>2</sup> Cf. No. 442, paragraph 4.

<sup>3</sup> No. 455.

### No. 519

*Mr. Eastes (Mukden) to Mr. Ingram (Peking)*<sup>1</sup>

*No. 99 [F 5699/1/10]*

MUKDEN, July 7, 1932

Sir:—

With reference to the first paragraph of the despatch from His Majesty's Consul at Dairen to His Majesty's Ambassador at Tokyo No. 87<sup>2</sup> of July 5th, 1932, I have the honour to report that late one afternoon a few days ago the cards were brought to me simultaneously of 'G. W. Gorman, London Daily Telegraph, Peking, China', and 'Chuichi Ohashi, Director of the General Affairs Bureau, Minister (*sic*) of Foreign Affairs The State of Manchuria'.

2. As to the present activities of Mr. Gorman, I would invite a reference to my despatch No. 37<sup>3</sup> of March 17th, 1932. He is now deeply committed as propagandist in 'The Manchuria Daily News' of the policy of Japan in Manchuria, and of the Government of the new State at Changchun. On this occasion, he said that he came merely to introduce Mr. Ohashi to me, and having done so, he took his leave.

3. Mr. Ohashi, who looked travel-stained, and appeared not to have been shaved for the past three or four days, opened the conversation by saying

<sup>1</sup> Copy received in the Foreign Office on July 21 as enclosure in Mukden formal covering despatch No. 97 of July 7.

<sup>2</sup> Not traced in Foreign Office archives.

<sup>3</sup> In this despatch Mr. Eastes referred (in §3) to the recent publication in *The Manchuria Daily News* of articles on 'Facing Facts in Manchuria' and said: 'The mystery as to the identity of "P. Ohara", the writer of these articles is still unsolved, and continues to puzzle the Japanese Consulate-General here, but the notion is gaining credence that the articles are in fact written by Mr. G. W. Gorman, the Peking correspondent of the "Daily Telegraph", whom I believe to be still in Changchun. Whatever the truth may be, there can be no question that they are an able expression of the Japanese view-point with regard to the new State.'

that he was on his way back from Dairen to Changchun, and had stopped off in Mukden for the purpose of paying a few calls. On the return of the League of Nations Enquiry Commission from their visit to North Manchuria, Lord Lytton had told me something of the arrogance of Mr. Ohashi at the reception of the Commission in Changchun; personally, I consider him one of the most offensively conceited Japanese officials with whom I have come in contact in the course of over 31 years since I first came to the Far East. For instance, he told me that in 1919 he had been stationed in Mukden as a Vice-Consul. 'Little did I think then', he continued, 'that in thirteen years I should rise to the position which I now hold today'.

4. He seemed disposed to invite discussion regarding the question of the Customs at Dairen, to which I replied that I did not consider myself authorised to discuss such a matter with an official of the new State; and I turned the conversation by enquiring whether he had yet changed his nationality. His answer was that the Nationality Law of the new State was still in course of preparation, and had not yet been passed.

5. The conversation lasted, I should estimate, not more than twenty minutes. I have been relieved of the necessity of returning the call by the fact that Mr. Ohashi, in answer to my enquiries, replied vaguely that he was staying at 'a Japanese hotel', of which there are many in Mukden, and that he might be returning to Changchun 'very shortly'.

6. I have been surprised to learn from my American, French and German Colleagues that none of them have yet received a visit from Mr. Ohashi.

7. I am forwarding copies of this despatch to the Foreign Office, to His Majesty's Ambassador at Tokyo, and to His Majesty's Consular Officers at Harbin and Dairen.

I have, &c.,  
A. E. EASTES

#### No. 520

*Mr. Ingram (Peking) to Sir J. Simon (Received July 9, 9.30 p.m.)*

*No. 458 Telegraphic: by wireless [F 5452/451/10]*

My telegram No. 454.<sup>1</sup>

PEKING, July 8, 1932

There have been no further important developments in customs crisis but the following is a general appreciation of the situation in the light of reports now to hand.

2. All customs in Manchuria including Dairen have been taken over by Manchurian Government and are now administered by them with the assistance of those members of former staffs who have transferred their allegiance (this includes all the Japanese) together with some members of subordinate Chinese staffs whom commissioners have advised to submit to force and of new recruits. All those members of former staffs who refused to transfer their allegiance (and this includes all the senior men other than Japanese) are either standing by at the orders of Inspector General of

<sup>1</sup> Not printed.

Customs or where they have been subjected to persecution have gone into hiding.

3. At all ports other than Dairen the position with regard to the accumulations of revenue is obscure but I believe they have been appropriated by Manchurian Government. At Dairen Fukumoto has stated that accumulation of revenues up to date seized by customs was at the disposal of Inspector General of Customs and that current revenues were being placed in suspense account pending an agreement. Inspector General of Customs has given instructions for transfer of Dairen accumulation of revenues to Shanghai but my latest information is that bank was consulting Kwantung Government regarding compliance.

4. There is thus no longer any question of *maintaining* the integrity as Manchurian Customs administration is completely severed from Chinese Customs administration and *restoration* of integrity is becoming daily more difficult as Manchurian administration is consolidating. Having now got the whole Customs administration in their control, Manchuria will not lightly be induced to relinquish it and I doubt whether the Japanese in spite of their outward show of anxiety for customs integrity and their professed desire for a compromise have any prospects of bringing pressure . . . .<sup>2</sup> Japanese hesitation is possibly<sup>3</sup> all my Japanese colleague's talk, no serious attempts appear to have been made by the Japanese to initiate conversation with Inspector General of Customs despite my repeated hints. Japanese hesitation is possibly due to the fact that Uchida had not yet assumed office but in view of his well known support of Manchuria his assumption of office may well mean only a firmer policy with respect to this question.

5. I fear therefore that customs integrity is a thing of the past and that it is useless to continue the discussions on the basis of its restoration. There remains only the question of Dairen. Original Chinese position was that they would not withdraw customs staff from Manchuria if integrity of administration was maintained and Dairen revenues came to them entirely. Now that administration has been destroyed over their heads they do not appear inclined to trouble themselves much about Dairen revenues which would go almost wholly to foreign bondholders and it suits them better to sacrifice the whole and place the responsibility squarely on Japan. While keeping themselves free from fresh entanglements (e.g. chief inspectorate question) in other parts of China, Japanese are however probably anxious about the repercussion of these events on their customs interests in China as well as troubled about 1907 agreement and would still be glad to reach some sort of understanding which would bind Chinese to recognise the existing situation and my Japanese colleague continues to press me to go to Shanghai with him and act as a 'Friendly neutral' in discussions with Inspector General of Customs.

<sup>2</sup> The text is here uncertain.

<sup>3</sup> It was suggested on the filed copy that 'In spite of' should be substituted for these four words which are repeated in the next sentence.

In view however of considerations I have set out above, I have reluctantly come to the conclusion that any compromise along the lines of my original proposal is now impossible nor does there appear to be any other reasonable solution which would not involve gross injustice to China. I have no desire to be merely a mouthpiece for Japanese so I feel it is time for me to drop out of these discussions at any rate until the Japanese have shown their hand more clearly. Our interest in this dispute is confined to integrity of customs and payment of customs secured for foreign loans and indemnities and as former is now lost while Manchuria quota of latter if not paid by Chinese will probably be paid by Manchuria in accordance with its undertaking our direct interest in what happens at Dairen does not appear sufficient to justify the risk of my getting involved as a catspaw.

6. I should be glad to learn if this attitude is concurred in.<sup>4</sup>

Repeated to Tokyo, Shanghai, and Mission.

<sup>4</sup> Foreign Office telegram No. 140 of July 13 to Peking read: 'Your attitude is entirely approved.' On July 21 Mr. Ingram forwarded to Sir V. Wellesley a copy of a 'personal and private' letter from Sir F. Maze of July 13 saying that he concurred 'entirely with the sentiments' expressed in Peking telegram No. 458, the sense of which had been communicated to him by Sir J. Brennan.

Minutes on this file show that it was agreed in the Foreign Office on July 12 that a final effort should be made in Tokyo to impress upon the Japanese the importance of observing their treaty obligations as far as Dairen was concerned. Sir J. Pratt questioned, however, whether 'the Chinese now really want them to observe this [1907] agreement. . . . There would be no incentive to stop smuggling and such revenue as was collected would be regarded as Manchuria's quota for foreign obligations. To secure this quota in this particular way is no particular advantage to China'. Cf. No. 525.

## No. 521

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 136 Telegraphic [F 5292/1/10]*

FOREIGN OFFICE, *July 9, 1932, 3.20 p.m.*

Your telegram No. 423<sup>1</sup> (of 1st July. Supply of Information to League Commission).

Authority was previously given for information to be supplied to Lord Lytton and for latter to use it at his discretion, but only provided conditions mentioned in Geneva telegram to Sir M. Lampson, No. 28,<sup>2</sup> were strictly observed. Present request goes much further and I am reluctant to agree in view of risk of awkward precedent being created and of His Majesty's Government being considered responsible for contents of report.

If, however, Lord Lytton would really wish to press the point, I am prepared to reconsider the matter so far as the annual reports are concerned on receipt of full list of extracts. But Military Attaché's report, which might be regarded as biased, must not in any case be used.

<sup>1</sup> No. 497. This telegram had been drafted on July 1.

<sup>2</sup> No. 208.

**No. 522**

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 139 Telegraphic: by wireless [F 5422/5422/10]*

FOREIGN OFFICE, *July 12, 1932, 4.20 p.m.*

Your telegram No. 451<sup>1</sup> (of July 7th: Communications with Manchurian officials).

Presumptions (a) and (b) are correct.

As regards last paragraph if the officials hold an office which would exist if Manchurian Government were still only a provincial government and communications are such as would ordinarily be made to them in the same event there is no objection. Otherwise care is necessary to avoid communications so worded as to imply that a state of affairs inconsistent with sovereignty of China is recognised.

<sup>1</sup> No. 516.

**No. 523**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 12)<sup>1</sup>*

*No. 463 Telegraphic: by wireless [F 5506/1/10]*

PEKING, *July 12, 1932*

My telegram No. 381.<sup>2</sup>

Resolution having been received and circulated by Senior Minister I stated that a copy had already been forwarded to His Majesty's Government for any action which they might think fit to take. Japanese Chargé d'Affaires minuted circular that he 'wished appropriate steps taken by Powers concerned to hold Round Table Conference' and quoted views expressed by Japanese Consul General at Shanghai to this effect. He did not however, suggest discussion by Corps Diplomatique. My other colleagues offered no comments.

<sup>1</sup> The time of receipt is not recorded.

<sup>2</sup> No. 457.

**No. 524**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 13, 9.30 a.m.)*

*No. 297 Telegraphic [F 5505/1/10]*

*Most confidential*

TOKYO, *July 13, 1932, 11 a.m.*

League of Nations Commission had first official meeting with Minister for Foreign Affairs yesterday.

I learn from a very confidential and sure source that Minister for Foreign Affairs stated that Japanese Government could not consider any solution but recognition of Manchukuo, nor did Japanese Government intend to consult signatories to Nine Power treaty regarding recognition.

No. 525

*Sir J. Simon to Sir F. Lindley (Tokyo)*

*No. 109 Telegraphic [F 5452/451/10]*

FOREIGN OFFICE, *July 13, 1932, 4 p.m.*

Peking telegram No. 458<sup>1</sup> (of July 8th: Manchurian customs).

You should express to the Government to which you are accredited our great disappointment that more effective action was not taken—as it was surely within the power of the Japanese Government to do—to maintain the integrity of the Chinese Maritime Customs Administration. We are greatly concerned at recent developments which seem likely to result in conditions detrimental to the trade of all nations including Japan. It seems to us that for these developments a very special responsibility rests on Japan firstly because it is mainly owing to the action of Japanese nationals occupying positions of responsibility in Manchuria that the disruption of the Customs Administration was brought about and secondly because Japan is bound by the terms of her agreement with China of 1907 relating to the Customs at Dairen. You should remind Japanese Government that a special obligation rests upon all signatories of the Nine Power Pact to abstain from encouraging separatist movements in China and even if such a movement were spontaneously to arise to do everything in their power to prevent it from developing to the point of independence. You should also impress upon the Japanese Government that, in addition to our interest in the foreign obligations secured on the Chinese Customs revenues, the magnitude of our trading interests in the Far East compels us also to attach the greatest importance to preventing the splitting up of China into separate tariff areas. The Japanese representative at Peking is pressing for British assistance in his negotiations with China<sup>2</sup> but you should explain that until we know more clearly the intentions of the Japanese Government as to their obligations both under the Nine Power Treaty and under the Agreement of 1907 and what arrangement they envisage as a remedy for the present situation it is difficult for us to understand the position properly.

Repeated to Paris No. 93 Saving, Rome No. 24 Saving and Washington No. 11 Saving.

<sup>1</sup> No. 520.

<sup>2</sup> See e.g. No. 505, last paragraph.

No. 526

*Mr. Ingram (Peking) to Sir J. Simon (Received July 14, 9.30 a.m.)*

*No. 466 Telegraphic: by wireless [F 5586/5586/10]*

*Confidential*

PEKING, *July 13, 1932*

French Minister tells me in strictest confidence that M. Padoux, French adviser to National Government, has been deputed to draft an appeal to come to China's aid in her struggle against communism. Appeal is to outline



growth and seriousness of danger and its repercussion on foreign interests if unchecked, and to contain an admission that existing financial resources of Government are incapable of coping with situation.

My French colleague intimated that, so far as he was concerned, he would strongly urge his Government to listen . . .<sup>1</sup> appeal if addressed to him as he felt sure that it would not be made unless China was prepared to accept some form of foreign supervision over finance as necessary corollary. Moreover, after the manner in which the Powers had urged China not to resist Japanese aggression, but to trust to the League, we could not, in his opinion, refuse to help her out of the difficulties which in part had resulted from her following this advice.

Beyond pointing out that if China had not accepted that advice she would be in a far worse plight than she now is, I confined myself to saying that any appeal would have to be carefully examined in its relations to all manner of contentious issues, such as consortium, unsecured debts, &c., and, anyhow, we must wait and see if appeal eventuated and what form it would take.

My United States colleague's first reaction to the news was to characterise it as pure blackmail.<sup>2</sup>

(Repeated to mission).

<sup>1</sup> The text as received was here uncertain, and was subsequently amended to read: 'to listen to such an appeal'.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 137.

## No. 527

*Mr. Ingram (Peking) to Sir J. Simon (Received August 18)*

*No. 870 [F 6287/3163/10]*

PEKING, July 13, 1932

Sir,

I have the honour to acknowledge the receipt of your despatch No. 398<sup>1</sup> of April 28th enclosing a copy of a memorandum by Mr. S. F. Mayers<sup>2</sup> on

<sup>1</sup> Not printed.

<sup>2</sup> Mr. Mayers was Chairman of the China Association. His speech at the annual meeting of the Association in London, reported in *The Times* of April 21, p. 11, was on lines similar to those of his memorandum of April 4, the last paragraph of which read: 'From these generalities let us adduce their conclusions in more concrete form. The League should not wait passively for China to come begging for help, but should cause China to know that if she asks for the cooperation of the League it will be accorded to her readily and fully, on the following understanding:—

'(1) That the recognised Government of China will employ advisers recommended by the League, in the more important Ministries—(e.g. Foreign Affairs, Interior, Finance, Railways, Education, Justice)—and that in the departments of finance and railways at least, the advisers shall be given executive authority.

'(2) That with the assistance of these advisers the first essential requirements of reconstruction will be defined without delay, and the plans for meeting them be communicated to the League.

'(3) That the Government recognises the necessity of employing foreign assistance,

the subject of assistance by the League of Nations to China with a view to the solution of her internal difficulties and requesting my observations on Mr. Mayers' suggestions.

2. It happens from time to time that proposals are put forward by interested parties in the United Kingdom with a view to the solution of the various problems which China presents and are forwarded to this Legation for comment. Before putting forward my views on Mr. Mayers' present proposal, I should like to premise that, if the comments of the Legation are in general not favourable to the adoption of such schemes, this is not because they are examined unsympathetically, but rather, I think, because the practical difficulties in the way of any planned solution of China's troubles are more evident to those who are in close and continual contact with the problems at issue.

3. Mr. Mayers' suggestion for a scheme of League assistance to China is certainly not one which I should venture lightly to dismiss. China is of vital importance to the world as an enormous potential market. Instead of realising her potentialities in this respect she remains, owing to internal upheavals, a factor of uncertainty in trade and a contractor of debts which are uniformly bad. Moreover her helpless disorganisation is a challenge to foreign intervention (for instance by Japan) and, as such, a danger to the peace of the world. As has recently been shown, her membership of the League is an anomaly liable to embarrass the latter and even to endanger the collective system on which the peace of the world is being built up. China has for over twenty years shown a complete inability to put her own house in order, and it may be said that a wise and far-sighted policy would suggest that the rest of the world should step in and do it for her. Moreover, while it is clear that the task in question is entirely beyond the capacity of any one Power or even of any group of Powers (the history of the Consortium is a sufficient indication of the weakness of any attempt by such a group to exercise joint control in China even in a limited sphere), the world has at its disposal an organ specially adapted for collective intervention in the League of Nations.

4. So far there is a great deal of force in the argument of Mr. Mayers' memorandum. But is the League capable of solving the problem which China offers? This is the crucial question, and to answer it it is necessary to envisage clearly what that problem is.

5. The very root of all China's difficulties is her complete inability to provide herself with a stable government. Her people are not yet within a measureable distance of being fitted for democracy and she has signally failed to produce anything like a public-spirited governing class; as a result

recommended to it by the League, in various departments and services, until the League agrees that they can be dispensed with.

'(4) That the League shall not seek to establish control over China, but to show China how she can control herself; and how, if she will employ a personnel which will command confidence in foreign countries, as well as in China, her credit can be restored and capital can be induced to seek investment in China.'

she is still, after twenty years of the Republic, a prey to regional military authorities, concerned primarily not with the government of the country but with selfish personal rivalries. A political rehabilitation of China postulates a change in the political mentality of her people but one cannot hope to change in the twinkling of an eye a mentality which has subsisted with little fundamental alteration for three thousand years. China is too large and the general outlook of her people on life and affairs too set for things to move quickly, especially when the means of communication within the country are so scant and difficult. A change will come no doubt, but only very slowly and as I believe, from within; it can hardly be imposed from without, though outside help can by precept and example make a gradual and tactful contribution to its acceleration.

6. Until, however, China provides herself with something approaching a stable government it seems clear that any attempt at the rehabilitation of the country on a comprehensive scale must be a building without foundation. Mr. Mayers' suggestion is that the League should help China with men and money. By men he intends technical advisers, but all the experts in the world cannot put China in order as long as she is a prey to civil wars. And as long as she is a prey to civil wars no sensible investor will supply her with money. For the League to float a public loan for rehabilitation schemes in China in the present circumstances must surely be ruled out by the consideration of common honesty to the investing public.

7. Before the Sino-Japanese crisis preoccupied their attention, the Nanking Government had been showing a growing tendency to enlist the services of League experts in technical matters. (For a report on this development, with the extent of which it is possible that Mr. Mayers was not acquainted, please see Sir Miles Lampson's despatch No. 57<sup>3</sup> of January 12th last.) I am not, I fear, able to state what exactly has become during the recent critical months of the National Economic Council and the various schemes of development with League assistance referred to in the above despatch, but it is sufficiently evident that such projects are at the moment in abeyance due to the economic and political difficulties of the Government, while their history up-to-date merely illustrates the difficulty of helping China until there is a greater element of stability in her political life. When the Chinese Government have time again to turn their attention to such things, this development may continue and should, of course, be encouraged as a means of strengthening the influence of the League in China. The engagement of foreign experts always tends to throw the limelight on the doings of a backward state and this alone may help to develop political morality in China. But the movement will not necessarily be furthered by any overt attempt on our part to force League assistance down China's throat. The suspicious and chauvinistic attitude of Young China towards foreign influence and the dangers of foreign penetration make it, I think, important that we should not try to hurry matters too much and should allow the initiative to come as far as possible from the Chinese side. In any case the future of the League in China must

<sup>3</sup> Not printed.

depend now to a large extent on the outcome of events in Manchuria. The League is at the moment on trial before Chinese public opinion and if in Chinese eyes it fails over Manchuria, any prospect of increasing its influence in this country will, I fear, be postponed for the time being. If, on the other hand, the Chinese feel that the visit of the Lytton Commission has in any sense saved them from Japanese aggression, it may be possible to persuade them to let the League play a larger part in their political development. Any concrete scheme, however, for League assistance to China on a more extensive scale, as advocated by Mr. Mayers must, I think, await the advent of a stable government in China. For the League to undertake, for instance, to reorganise the railways or the finances of China by appointing technical advisers would surely lead to nothing but a fiasco as long as the finances of most of the provinces and large sections of the railways are in the hands of local militarists who refuse, when it suits them, to submit to the control of the Central Government.

8. On careful consideration of the circumstances it therefore seems to me that no purpose will be served by the League making overtures to China regarding definite and ambitious schemes of reconstruction, such as are proposed by Mr. Mayers in the final paragraph of his memorandum, although the Chinese Government should be encouraged to co-operate with the League as much as possible and should be supplied with any technical advisers for which they may ask. For the rest I do not see that we can do otherwise than leave China to work out her own salvation—or her own doom.

9. 'A policy of drift', it will be said; I would rather call it one of *festina lente*.<sup>4</sup> There is no use in shutting one's eyes to hard facts or in attempting to build an imposing edifice on the sand; the basic fact of the situation in China is the utter lack of any stable element capable of controlling the country and a stable government is the only possible foundation on which an administrative reorganisation can be erected. Unless the Chinese can themselves supply this lack, an opening for the rehabilitation of China through the League will only come when the latter is strong enough, as the organ of a collective world policy, to step in and offer to the Chinese Government of the day (with the authority of the united Powers behind it) to organise, supply and train *an army* which will establish, if necessary by force of arms, their authority over the whole of China. But the world and the League are a long way off the stage where such a development is practicable. Meanwhile, League aid, in the supply of advisers when asked for by China, may well play a slow, but none the less invaluable, part in bringing about those changes in mentality and methods, without which stability of government is an impossibility.<sup>5</sup>

I have, &c.,

E. M. B. INGRAM

<sup>4</sup> Hasten slowly.

<sup>5</sup> This despatch was minuted as follows: 'This is just what was to be expected. Sir M. Lamson and Mr. Ingram and the F.O. are in complete agreement. C. W. Orde 23/8.'

## CHAPTER V

Manchurian affairs including postal, salt, and  
customs administration, and transfers of com-  
mercial insurances: suspected threat to Jehol  
province

July 14–August 24, 1932

No. 528

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 14, 11.45 a.m.)*  
*No. 298 Telegraphic [F 5553/1/10]*

*Most confidential*

TOKYO, July 14, 1932, 6.10 p.m.

My telegram No. 297.<sup>1</sup>

League of Nations Commission had their final interview with Minister for Foreign Affairs this afternoon and leave for Peking tomorrow.

I gather Minister for Foreign Affairs indicated that Japanese Government had no intention of using League peace machinery for settling their difficulties. In short they adhere to the attitude assumed from the start that they will tolerate no outside interference as regards Manchuria.

<sup>1</sup> No. 524.

No. 529

*Mr. Ingram (Peking) to Sir J. Simon (Received July 15, 9 a.m.)*  
*No. 468 Telegraphic: by wireless [F 5607/451/10]*

PEKING, July 14, 1932

Following received from Harbin No. 73 of July 13th.

Begins:—

My telegram No. 72.<sup>1</sup>

Delicate situation will arise when Manchukuo Government authorities ask Commissioner of Customs to surrender customs archives. He removed cases of these some time ago to local branch of Hongkong and Shanghai

<sup>1</sup> This Harbin telegram of July 13, repeated to the Foreign Office in Peking telegram No. 467 of July 14 (received on July 15 at 9.30 a.m., not printed), said that Customs had that day received official request to give up their official residences as soon as possible. In anticipation of this step the senior Consul (i.e. the American Consul-General) had written on July 12 to the Vice-Minister for Foreign Affairs asking for at least fourteen days' notice.

Bank for safe custody and he will decline to give them any information as to where they are.

He will probably apply to me to assist him but I submit that I cannot do so. Their only legal remedy, if any, would seem to be to apply to British Court for an order to direct Bank but such a procedure would raise political question which Court could not decide.

They may therefore be driven to take forcible measures by way of searching the bank against which I should lodge an emphatic protest.

I should be glad to receive any instructions you may have on the subject.

### No. 530

*Mr. Ingram (Peking) to Mr. Garstin (Harbin)*

*No. 28<sup>1</sup> Telegraphic [F 5609/451/10]*

PEKING, July 15, 1932

Your telegram No. 73.<sup>2</sup>

As it would appear that being unrecognised Manchukuo authorities have no *locus standi* in British Courts they could not take legal proceedings against either commission(? er) or bank.

At the same time it is most undesirable that a British Bank should be involved in this political dispute between China and Manchuria. If latter are driven to forcible measures it will lead to serious friction between you and *de facto* authorities which is not going to benefit British interests while the utmost you can do is to enter a protest.

You should place these considerations before both commissioner and bank manager urging that they should themselves take such steps as may be possible to forestall this eventuality.

I am causing these views to be communicated to Inspector General of Customs and bank manager in Shanghai.

Foreign Office has been informed.

Repeated to Foreign Office, Tokyo and Shanghai.

<sup>1</sup> Repeated by wireless as No. 475 to the Foreign Office (received on July 15 at 9.30 p.m.).

<sup>2</sup> Cf. No. 529.

### No. 531

*Commander, Tientsin Area, to G.O.C., Hong Kong<sup>1</sup>*

*No. 5102 Telegraphic [F 5669/1/10]*

TIENTSIN, July 15, 1932

Following is gist of conversation with one of Private Secretaries of ex-Emperor Pu Yi. Informant is known by experience to be reliable.

<sup>1</sup> A copy of this telegram was received in the Foreign Office from the War Office on July 20.

Pu Yi being merely a figurehead has absolutely no power and this is becoming tiresome to him; friction between Pu Yi and Japanese authorities has occurred at Changchun owing to former demanding to be something other than a mere figure head. Ultimate object of Pu Yi is to return to Peking as Emperor. Although Japanese have often promised support in attaining this object Pu Yi now does not place any value in this promise. Immediate object of Japanese is to consolidate their position in Manchuria and general plan seems to be to bring it into similar state as Corea. Japanese now not anxious as to whether Pu Yi remains or goes and if he decided to resign and retire Japanese would undoubtedly appoint a Japanese peer as Governor General.

Having consolidated their position in Manchuria Japanese may act the same game in Hopei and provided Pu Yi is still persona grata with Japanese this will be his opportunity for capture of Peking. Secretary admits this was looking a long way ahead say 10 years or more. Secretary laid stress on point that Japanese have at present no intention of acting inside Wall and will do everything possible to avoid friction between Manchurian boundaries.

No. 532

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 17)*

*No. 376 [F 6216/2362/10]*

TOKYO, July 15, 1932

Sir,

You will have by now received a copy of Mr. Consul-General Garstin's despatch No. 52 to Peking<sup>1</sup> describing the molestation to which Mr. Prettejohn, British subject in charge of the Customs at Harbin, has been subjected by the Manchukuo authorities. I called the attention of the Vice-Minister for Foreign Affairs to this matter verbally this morning and explained to him that proceedings such as these produced the worst impression amongst foreigners locally and would inevitably have a repercussion abroad as soon as they were known in the various European capitals.

2. At the same time I left a short memorandum, copy of which is enclosed,<sup>2</sup> regarding three other cases in which British subjects had been exposed to unnecessary inconvenience at Antung. These cases were reported in Mr. Consul-General Eastes' despatches<sup>2</sup> to Peking Nos. 94, 96, 103 and 104 of the 1st, 5th and 8th July respectively. I went on to say that the Manchukuo authorities seemed to be bent on disregarding the rights of foreigners in Manchuria and that I had little hope of any improvement so long as

<sup>1</sup> A copy of this despatch of July 8 was received in the Foreign Office on August 12. It reported incidents in connexion with the search, authorized by the Manchurian authorities, of the house of the Commissioner of Customs and the arrest of certain Chinese and Russians suspected of Communist activities.

<sup>2</sup> Not printed.

such officials as Ohashi and Komai<sup>3</sup> occupied positions of influence in Manchukuo. To this Mr. Arita replied that these gentlemen did not confine their attentions to foreigners but were equally obnoxious to people from Japan. No doubt he was referring to the constant friction which does, as a matter of fact, exist between the Japanese Consular officials and the Manchukuo authorities.

3. I also took the opportunity this morning of pressing on Mr. Arita the necessity of avoiding anything like discrimination against foreigners in Manchuria. I noticed in this morning's paper that you, Sir, had replied to a recent question in the House of Commons<sup>4</sup> that no such discrimination had been officially brought to your notice. This was, of course, true, but I was in receipt of complaints which went very near the border line and I gave Mr. Arita a memorandum, of which a copy is enclosed,<sup>5</sup> based on the information contained in Mr. Consul Bristow's despatch No. 47<sup>6</sup> of the 21st June last to His Majesty's Chargé d'Affaires at Peking, copy of which has been forwarded to you by Mr. Ingram. I said that, no doubt, the official answer would be that the two institutions did not wish to renew their insurance policies with British houses and could not be compelled by the Japanese to do so. This reply might hold water officially but it was quite clear to me that pressure had been brought to bear by Japanese officials to persuade these institutions to insure in future with Japanese companies. No doubt the same course had led to the closing of offices throughout Manchuria by many foreign engineering firms<sup>7</sup> and I must warn him that a continuation of pressure of this sort would arouse a great deal of resentment when it became known.

A copy of this despatch has been sent to His Majesty's Chargé d'Affaires at Peking.

I have, &c.,  
F. O. LINDLEY

<sup>3</sup> Mr. Komai, a Japanese subject, was Head of the General Affairs Bureau of the Executive Yuan of the State of Manchuria. For Mr. Ohashi see No. 519 and No. 537 below.

<sup>4</sup> On July 6; see 268 *H.C. Deb.* 5 s., col. 416.

<sup>5</sup> Not printed.

<sup>6</sup> Copy received in the Foreign Office on August 6 as enclosure in Peking despatch No. 780 of June 30. It reported two instances of lost insurance business by Messrs. Butterfield and Swire 'through alleged pressure of Japanese advisers on their former clients'.

<sup>7</sup> Mr. Bristow (Newchwang) in his despatch No. 47 of June 21 *op. cit.* had reported: 'Messrs. Jardine, Matheson and Company's representative informed me today that they in common with other large foreign firms were withdrawing their engineering branches from Manchuria, as there was no possibility of securing business.'



*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 17)**No. 375 [F 6215/1/10]**Most confidential*

TOKYO, July 16, 1932

Sir,

With reference to my telegram No. 289<sup>1</sup> of the 5th July, I have the honour to report that the Commission of the League of Nations arrived in Tokyo on the 4th July and Lord Lytton and Mr. Astor were kind enough to accept my invitation to stay at the Embassy. Extraordinary precautions were taken to guard against any incident at the station; and thirteen police-men were on duty at the Embassy during the whole of their stay here. Some of these men were stationed inside the Embassy grounds, as I did not feel justified in taking the responsibility of refusing the permission which was asked to place them there. Since the Mission left, the newspapers report the arrest of several persons suspected of plotting their assassination. And it is distressing to have to report that these arrests are quite likely to be justified.

2. On the morning of his arrival I had the short conversation with Lord Lytton reported in my telegram No. 291<sup>2</sup> of July 6th. His Lordship explained that he intended to inform the Japanese Government that the Commission had come to Japan not in order to arraign the Japanese but in order to help them. He would then set forth to them the advantages which they themselves would reap if they made use of the League machinery for peace and came to some arrangement regarding the Manchurian question which would be acceptable to the world and would placate world opinion. He would point out that, if they chose to disregard all other countries, they could no doubt carry out their policy for the time being but that they would find themselves before long in a very difficult position. He was not particularly sanguine that the Japanese would respond to his overtures but he felt that this was the only line of approach which was possible in the circumstances; and, if the Japanese were obdurate, the report would have to be published and it was possible that, after an interval, the Japanese would find it expedient to take the Powers into consideration. I agreed that this seemed to me a reasonable way for the Commission to act.

3. Unfortunately Lord Lytton became seriously indisposed the morning of his arrival and, next day, his condition caused me a good deal of anxiety. Happily he began to improve on the third day and, with a few minor setbacks, the improvement continued until he left. This indisposition prevented Lord Lytton from taking any active part in the work of the Commission until July 12th when the Commission had their first meeting with the Minister for Foreign Affairs. This waste of time was not, however, due to the illness of the Chairman but to the fact that Count Uchida, who was only installed

<sup>1</sup> Not preserved in Foreign Office archives. According to the docket it reported Lord Lytton's arrival at the Embassy and gave details of his illness (see paragraph 3 below).

<sup>2</sup> No. 513.

as Minister for Foreign Affairs on July 6th, was not prepared to receive him officially before the 12th. It was agreed before the meeting that no communication would be made to the Press of any kind, and it was with considerable annoyance that the Commission read the accounts of the meeting which appeared next day. These were not strictly accurate and I am inclined to doubt whether they came from the Gaimusho. They seemed to me to be little more than intelligent guesses of what had occurred. In any case Lord Lytton informed me next day, in the strictest confidence, that the meeting had been most unsatisfactory. Count Uchida had said categorically that the Japanese Government were determined to recognise Manchukuo, that they could not consider any other solution and that they did not intend to consult the Signatories of the Nine Power Treaty regarding recognition. This conversation formed the subject of my telegram No. 297,<sup>3</sup> Most Confidential, of July 13th.

4. The second and last meeting between the Commission and the Minister for Foreign Affairs took place on the 14th. Lord Lytton had informed me confidentially beforehand that he intended at this meeting not to mention the question of recognition but to put before Count Uchida the advantages of making use of the League machinery and taking the Powers generally into Japanese confidence. He wished the interview to be of a cordial nature and to avoid, as far as possible, controversial points. Although Lord Lytton did not feel at liberty to give me a full account of what happened, he did not conceal the fact that he considered the second meeting fully as unsatisfactory as the first. Count Uchida announced the intention, as reported in my telegram No. 298<sup>4</sup> of the 14th July, of ignoring the League altogether. In short, he adhered strictly to the attitude which the Japanese Government have taken up ever since the beginning of the Manchurian imbroglio—that they would tolerate no interference from any quarter. The Count even went so far as to refuse to lay the views of the Commission before the Cabinet; but Lord Lytton is inclined to believe that, when he said this, there was a misunderstanding and that he probably really meant that he would not recommend those views for acceptance. After this second interview it was generally felt that no good purpose would be served by the Commission remaining longer in Japan and Lord Lytton left on July 15th by sea, the rest following overland to Kobe on the 16th.

5. It cannot be said that the Commission has had a good Press while it has been in Japan, and I have the honour to transmit herewith some summarised translations<sup>5</sup> on the subject. The fact that the final report is to be written in China has, quite unreasonably, given rise to a great deal of suspicion and umbrage, and the Commission is also attacked for not having spent longer in this country. These criticisms appear to me to have little value and they are only interesting in that they show the general feeling of distrust and dislike towards the League of Nations which is now so general in this country. It was certainly unfortunate that the Chairman was indisposed so long, since it prevented his coming into contact with leading Japanese. In order to

<sup>3</sup> No. 524.

<sup>4</sup> No. 528.

<sup>5</sup> Not printed.

remedy this in so far as I was able, I invited the Council and the Vice-President of the Japan-British Society, which includes such eminent men as Count Makino, Dr. Sakurai and other leaders of Japanese opinion, to an informal dinner the evening before Lord Lytton sailed. He was on that occasion able to have an interesting talk with Count Makino and a few others, but even these were somewhat curtailed owing to his having to go to bed early.

6. The real reason why the Commission was received so much more coolly on its second visit than on its first<sup>6</sup> probably lies in the fact that the Japanese suspect that it has been unfavourably impressed by what it saw in Manchuria; and that it is unlikely that the report, when published, will contain many points palatable to them. That this suspicion is correct is borne out by what I heard privately from some of the members who did not conceal their intense irritation at the perpetual and clumsy espionage to which they were exposed, at the arrogance of such Manchukuo officials as Messrs. Ohashi and Komai, at the pressure put on the Chinese officials by their Japanese 'advisers' to give favourable evidence and at the brazen lies which the Commission were expected to swallow. On the other side of the picture, the members of the Commission had little but praise for the behaviour and courtesy of the Japanese Consular Officials in Manchuria; whereas the patriot General Ma seems to have raised some prejudice against himself in their minds by kidnapping a hundred White Russians and selling them at so much a head to the Soviets who shot them all.

A copy of this despatch will be sent to His Majesty's Chargé d'Affaires at Peking by safe hand.

I have, &c.,  
F. O. LINDLEY

<sup>6</sup> From February 29 to March 8, 1932; cf. No. 72, note 1.

#### No. 534

*Mr. Ingram (Peking) to Sir J. Simon (Received July 18, 7.40 p.m.)*  
*No. 478 Telegraphic [F 5633/303/10]*

PEKING, July 18, 1932, 5.44 p.m.

My telegram No. 445.<sup>1</sup>

Acting Minister of Communications in Manchukuo<sup>2</sup> informed Postal Commissioner at Mukden<sup>3</sup> July 10th that in spite of non-recognition of<sup>4</sup> International Postal Bureau, it has been definitely decided to place new Manchurian stamp issue on sale August 1st to be used on all mail matter irrespective of destination to exclusion of Chinese stamps.

<sup>1</sup> Of July 6, not printed. This telegram reported that instructions had been sent to provincial post offices on action to be taken as soon as post offices in Manchuria were taken over by the administration.

<sup>2</sup> Mr. Fujiwara.

<sup>3</sup> Mr. Poletti.

<sup>4</sup> It was suggested on the filed copy of this telegram that 'of' should read 'by'.

Commissioner is convinced that final rupture between Manchurian authorities and Chinese postal administration is inevitable especially as he has received instructions from Shanghai vetoing any compromise.

Repeated to Shanghai.

**No. 535**

*Mr. Garstin (Harbin) to Mr. Ingram (Peking)*

*No. 74<sup>1</sup> Telegraphic [F 5649/1/10]*

HARBIN, *July 18, 1932*

Newchwang telegram No. 13.<sup>2</sup>

I find no confirmation of interpretation placed by Chinese Eastern Railway agent at Newchwang on instructions received by him of which my Russian colleague whom I saw today had not heard. He said he would make enquiries.

He admitted that dispute between Chinese Eastern Railway and river transportation office of Manchurian Government about the control of river freight at Harbin which culminated on July 7th in seizure by that office of wharves and warehouses claimed by railway as their property was a serious matter and that he had lodged strong protest reserving all rights of future action (see Commercial Secretary's despatch No. 57 Overseas Trade July 9th)<sup>3</sup> but I believe much more provocation would be required to constitute *casus belli* (see my despatch No. 42<sup>4</sup> July [June] 11th, last paragraph).

Repeated to Foreign Office No. 12 and by post to Mukden, Newchwang and Dairen.

<sup>1</sup> Repeated at 1.37 p.m. on July 18 as No. 12 to the Foreign Office (received on July 19 at 9 a.m.).

<sup>2</sup> This telegram (not printed) of July 14 to Peking was repeated to the Foreign Office in Peking telegram No. 474 of July 15 (received on July 16 at 9.10 p.m.). It reported that the agent of the Chinese Eastern Railway who had been instructed by the head office that he was 'at liberty to leave Manchuria at once, abandoning local office' had interpreted this to mean that hostilities might break out at any moment between Manchuria and Soviet Russia 'involving the seizure of Chinese Eastern Railway offices in South Manchuria'.

<sup>3</sup> Not traced in Foreign Office archives.

<sup>4</sup> The reference appears to be to No. 413.

**No. 536**

*Sir J. Brenan (Shanghai) to Mr. Ingram (Peking)*

*No. 194<sup>1</sup> Telegraphic [F 5668/1/10]*

SHANGHAI, *July 18, 1932*

My telegram No. 157.<sup>2</sup>

Japanese forces evacuated area four yesterday and have now completed withdrawal in accordance with armistice agreement.

<sup>1</sup> Repeated by wireless as No. 84 to the Foreign Office (received on July 19 at 8.30 p.m.).

<sup>2</sup> No. 425.

There is still some dispute regarding a small detachment maintained at Toyoda cotton mill, but Japanese claim the right to keep a guard there as it adjoins an extra-settlement road and they had troops there before recent incident.

Repeated to Foreign Office and Mission.

No. 537

*Letter from Mr. Ingram (Peking) to Sir V. Wellesley (Received August 29)*  
[F 6417/451/10]

BRITISH LEGATION, PEKING, July 18, 1932

My dear Wellesley

I enclose a copy of a letter which I have received from Ohashi, whom I knew quite well when he was a Secretary in the Japanese Legation here, who now styles himself Director of the General Affairs Bureau, at the Ministry of Foreign Affairs of the 'State of Manchuria'.

As I did not want to offend Ohashi, who I gather is inclined to be touchy and arrogant (see Eastes' despatch No. 99<sup>1</sup> of 7th July) and capable of making himself objectionable, it seemed advisable to send him an anodyne and non-committal reply, a copy of which I enclose.<sup>2</sup> I thought it better that this should appear to come from Stirling,<sup>3</sup> on the grounds that I was absent in Peitaiho, where I now am for a long week end.

Yours ever

E. M. B. INGRAM

ENCLOSURE in No. 537

*Letter from Mr. Ohashi to Mr. Ingram*

*Copy*

7th July, 1932

Dear Mr. Ingram,

The other day I called upon Mr. East [Eastes], your Consul-General at Mukden, on my way back to Changchun and tried to explain about the Manchukuo's attitude on the Customs question, but unfortunately he did not like to enter into discussion on this subject.<sup>4</sup> I got an impression that I am now a kind of roughneck in the esteem of foreign community in China and a swashbuckler in the eyes of the Japanese Government. However I hope you can fully appreciate the circumstances under which the Manchukuo authorities had to take drastic measures [?] in the matter of customs. In this connection I may [*sic*] free to state that the Manchukuo has no intention to impair the interests of foreign countries especially of your country. So that we tried to persuade foreign commissioners to stay with us as Manchukuo's officials, but none of them accepted our proposal and quitted the service.

<sup>1</sup> No. 519.

<sup>2</sup> Second Secretary in H.M. Legation at Peking.

<sup>3</sup> Not printed.

<sup>4</sup> Cf. No. 519.

But even now we may consider appointments of foreigners in our Customs service and I am proposing to my colleagues that we may employ a British [*sic*] of high standing as an adviser on customs and general finance. As to the Manchukuo's quota of foreign loan service you need not worry at all and we have worked out a plan by which we may deposit in a foreign bank the amount of money to be appropriated for the Manchurian quota of the foreign loan service. This deposit will be released on demand from foreign creditor governments or from Mr. [Sir F.] Maze provided that he will accept it as such.

Here in Changchun there is little accommodation for housing officials and I am staying [? in] a little uncomfortable room of a shabby hotel and am working under tremendous handicaps. I hope you may come around and study the conditions around here, because a very few people, foreign or Chinese, understand the true meaning of the Manchukuo State.

I am convinced that the Manchukuo State will grow healthfully and that time will come when Manchukuo will contribute to prosperity and peace of the orient.

Sincerely yours  
C. OHASHI

No. 538

*Mr. Ingram (Peking) to Sir J. Simon (Received July 19, 9.30 a.m.)*

*No. 479 Telegraphic [F 5648/1/10]*

PEKING, July 19, 1932, 12.35 p.m.

There have been rumours recently (probably from Japanese sources as Chinese military authorities have denied knowledge of any trouble brewing) of possibility of Japanese attack on Jehol.<sup>1</sup>

According to Reuter report from Mukden July 19th incident has now occurred owing to seizure of Japanese 'liaison officer' by troops of Tangyulin and Japanese detachment from Chinchow is said to have attacked Chinese troops near Chaoyang.<sup>2</sup> No reliable news is obtainable of Chinese reinforcements being sent to Jehol from here though what appears to be normal relief movements are in progress.

Language officer is proceeding to Chinchow tonight to report.

Repeated to Mission and Tokyo.

<sup>1</sup> In a minute of July 25, Mr. Broad wrote: 'Jehol was included in the Manchukuo declaration of independence [see No. 66, note 3]. But the Young Marshal still has considerable power there. Tang Yu-lin [Governor of Chahar and Jehol since 1928] has maintained a quasi-neutrality.'

<sup>2</sup> According to a press report from Tokyo (see *The Times*, July 20, p. 12) Mr. Ishimoto, the kidnapped Japanese official, had been sent to discuss the opium traffic with General Tang Yu-lin apparently in connexion with the Manchukuo project for a State monopoly, which would have deprived Marshal Chang Hsueh-liang of 2 million taels a month. With reference to this report a minute by Sir J. Pratt reads: 'A very curious situation. Opium revenues lie at the root of most Chinese civil wars and seem to be the cause of the trouble in the present case. J. T. Pratt 22/7.'

No. 539

*Sir J. Simon to Sir F. Lindley (Tokyo)*

*No. 111 Telegraphic [F 5505/1/10]*

FOREIGN OFFICE, *July 19, 1932, 4.15 p.m.*

Your telegrams Nos. 297<sup>1</sup> and 302<sup>2</sup> (of the 13th and 15th July, recognition of Manchukuo by Japanese Government and customs in Manchuria).

Japanese Government apparently propose to treat Nine Power Treaty as non-existent and if action on these lines is taken a strong protest will be justified.

You should take an opportunity of putting in a further word of warning.

<sup>1</sup> No. 524.

<sup>2</sup> Not printed. In this telegram Sir F. Lindley enquired whether there was anything that Sir J. Simon wished him to add to the arguments in Foreign Office telegram No. 109 (No. 525).

No. 540

*Mr. Ingram (Peking) to Sir J. Simon (Received July 19, 11.30 a.m.)*

*No. 480 Telegraphic [F 5652/1/10]*

PEKING, *July 19, 1932, 5.5 p.m.*

My telegram No. 479.<sup>1</sup>

Considerable movement of Chang Hsueh-liang's troops towards southern boundary of Jehol now appears to be confirmed.

Until, however, there is repeated evidence to the contrary I am inclined to presume that immediate object is rather to secure loyalty of Tang Yu-lin and to prevent him from joining Manchukuo than to attack Japanese whose reported operations are on the far side of Jehol.

Repeated to Tokyo and Mission.

<sup>1</sup> No. 538.

No. 541

*Sir E. Ovey (Moscow) to Sir J. Simon (Received July 22)*

*No. 390 [F 5715/1/10]*

*Confidential*

MOSCOW, *July 19, 1932*

Sir,

I have taken steps to compare the information relating to the disposition of Soviet armed forces in the Far East contained in your despatch No. 455<sup>1</sup> (F 4254/1/10) of the 8th July last, with such data as it has been possible to collect here.

<sup>1</sup> This formal covering despatch (not preserved in Foreign Office archives) transmitted to Moscow a copy of Harbin despatch No. 33 to Peking of April 15 and its enclosure, for which see No. 362, note 7.

2. According to my informant the particulars furnished by His Majesty's Consul-General at Harbin would appear to be, roughly speaking, correct, though in the light of subsequent information it seems that the figure of 200,000 men given in the last sentence of his report is somewhat of an under-statement and that 230,000 would be nearer the mark. Incidentally it is probable that the words '*Harbarovsk, Nikolsk, Vladivostok*' mentioned in the first section of Mr. Consul-General Garstin's report should read *Nikolsk-Ussuriisk*, Ussuriisk being relatively near to Vladivostok whereas Harbarovsk apparently belongs to another military area.

3. The following data represent the result of my informant's investigations up to the end of last month.

*Far Eastern Army H.Q., Harbarovsk:*

Group 1—from Vladivostok to Ussuri (approximately):

Primorski Army Corps. H.Q. at Vladivostok.

1st Division of Infantry.

40th Division of Infantry.

26th Division of Infantry.

21st Division of Infantry.

9th Brigade of Cavalry.

3 Battalions of Tanks.

1st Brigade of Aviation.

Group 2—Harbarovsk-Blagovyeshchensk:

2nd Division of Infantry.

12th Division of Infantry.

1st Aviation Group.

Amur Flotilla.

Group 3—Chita-Irkutsk:

Zabaikalski Army Corps. H.Q. at Chita.

35th Division of Infantry.

36th Division of Infantry.

57th Division of Infantry.

15th Division of Cavalry.

1st Battalion of Tanks.

One Aviation Group and two Squadrons.

The above data do not include Army and Corps Troops, i.e. Heavy Artillery, and, probably, certain other special units.

Note: 1—It would appear probable that the Brigade of Aviation nominally belonging to the Vladivostok area is also at the disposal of Army H.Q. at Harbarovsk and forms part of the Harbarovsk-Blagovyeshchensk Groups.

Note: 2—It would appear that a battalion of Tanks numbers 30 altogether. On the assumption therefore that there are three battalions of Tanks in the Vladivostok Group and one in the Chita Group there should be 120 instead of 40 Tanks as is stated in Mr. Garstin's report.



4. The information contained in the section headed 'Submarines' in Mr. Garstin's report<sup>2</sup> would appear to be confirmed. It seems that the presence of submarines at Vladivostok has become a matter of some pre-occupation for the Japanese Naval and Military authorities.

5. My informant had no data as to the precise number of G.P.U. Troops, or 'International' regiments under the command of the Far Eastern Army, but he stated that their presence there was not unknown to him.

6. I realise that the above information is far from being complete, but I trust that it may prove useful in supplementing such other information as is already in your possession.

7. Other troop movements of importance have, I understand, been taking place in other parts of the Union. For instance, an Infantry Division stationed in Transcaucasia was moved about a month ago to Tashkent, while a Cavalry Division was transferred from the neighbourhood of Merv to Ferghana. These latter movements may be connected with developments in Sinkiang, a district in which it is known that the Soviet authorities take an interest from the political and trading point of view (see your despatch No. 273<sup>3</sup> (F 3035/340/10) of the 21st April last) and against which General Tukhachevski (see my despatch No. 318<sup>3</sup> of the 21st June), an important member of the Revolutionary War Council, is said to cherish aggressive designs. The creation of a semi-Sovietised State under Soviet tutelage in western China already has a precedent in the State of Outer Mongolia, and in addition to giving the Soviet Union a common frontier with India, would render it easier eventually to open up direct communication with the communist districts of China.

8. The troop movements of the last six or seven months in the U.S.S.R. have naturally reduced the numbers available in European Russia below normal, and in order to make up the depleted garrisons to their former strength, a beginning has been made by the creation of five new Infantry Divisions complete with artillery and supply services.

I have, &c.,

ESMOND OVEY

<sup>2</sup> This section read: 'Since the end of 1931 German engineers have been assembling submarines at Vladivostok. Twenty of these have been commissioned. Their displacement is 600 tons each. Another ten submarines are being completed and will soon be ready.'

<sup>3</sup> Not printed.

**No. 542**

*Mr. Ingram (Peking) to Sir J. Simon (Received August 27)*

*No. 904 [F 6394/283/10]*

PEKING, July 19, 1932

His Majesty's Chargé d'Affaires, Peking, presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and transmits herewith three copies of the undermentioned paper[s]

*Name and Date*  
Despatch from Chungking No. 44  
of 29.6.32.

*Subject*  
Attempt by General Tax Office to  
secure jurisdiction over British  
Firms.

To Chungking Despatch No. 17  
of 19.7.32.

ENCLOSURE I IN No. 542

*Mr. Stark Toller<sup>1</sup> (Chungking) to Mr. Ingram (Peking)*  
*No. 44*

CHUNGKING, *June 29, 1932*

Sir,

I have the honour to enclose herewith copy and translation of various forms<sup>2</sup> which were, at the beginning of this month, sent by the General Tax Office to the various British firms in Chungking for signature and return within five days.

2. The issuing of regulations and instructions to British firms by various Chinese authorities in Chungking is a commonplace, and as a rule the British firms, in accordance with the principles defined in Sir M. Lampson's Circular No. 98<sup>3</sup> (2/123G) of September 28 last and other Circulars to the same purpose, do their best to comply with these so far as is practicable and reasonable. In the present instance the regulations, which are specifically addressed to foreign firms, contain provisions to the effect that the signatory undertakes to pay all duties left outstanding by its clients, and also agrees that in certain events it will submit to punishment by the Chinese authorities.

3. The Asiatic Petroleum Co. (N. China) Ltd. and Imperial Chemical Industries (China) Ltd. requested me for advice as to the attitude they should adopt in the matter. In view of the fact that, if literally complied with, the regulations were tantamount to a requirement that British firms should, in certain respects, divest themselves of their extraterritorial privileges, it appeared to me desirable to go beyond the normal reply that the matter was one for the firms' own decision. I therefore, in the reply<sup>4</sup> which forms Enclosure No. 2 to this despatch, outlined the general policy of His Majesty's Government in these matters, and also indicated that, as the requirements of the regulations appeared to constitute an invasion of extra-territorial rights, I should be prepared to uphold the firms in a refusal to comply on that ground.

4. So far as I know no British firm has acceded to the request of the General Tax Office; they are all ignoring the forms, as is also the Standard Oil Co. of New York, and waiting to see whether the General Tax Office will allow the matter quietly to lapse, or will take some further step. Should

<sup>1</sup> Acting H.M. Consul-General at Chungking.

<sup>2</sup> Not printed.

<sup>3</sup> Not traced in Foreign Office archives.

<sup>4</sup> This letter of June 16 is not printed.

they be pressed for a reply, the Asiatic Petroleum Co. propose to endeavour to placate the Tax Office with such information as can properly be given.

I have, &c.,

W. STARK TOLLER

ENCLOSURE 2 IN NO. 542

*Mr. Ingram (Peking) to Mr. Stark Toller (Chungking)*

*No. 17*

PEKING, July 19, 1932

Sir,

I have received your despatch No. 44 of June 29th<sup>5</sup> enclosing copies of documents received by British firms in Chungking in connection with the 'Revised Regulations for the Control of Customs and Transport Brokers', and I approve generally the advice given by you to the firms in your letter of June 16th.

2. The provisions of the Regulations regarding responsibility for the evasion of taxes and smuggling, and the document required to be signed by the firms appear to be highly objectionable and British firms should be discouraged from signing any such undertaking.

3. Incidentally it is not clear from the text of the Regulations on what grounds the notices requiring compliance with the various formalities were addressed to British firms such as, for example, the Asiatic Petroleum Company (North China) Limited and the Imperial Chemical Industries (China) Limited, to whom the term 'pao kuan hang' which seems to be correctly translated as 'Customs brokers' does not appear to be strictly applicable.

I am, &c.,

C. N. STIRLING,

*For H.M. Chargé d'Affaires*

<sup>5</sup> Enclosure 1 above.

No. 543

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 19)*

*No. 384 [F 6301/1/10]*

TOKYO, July 20, 1932

Sir,

It has always been strongly held by the Japanese Government, I am inclined to think honestly, that the Chinese Boycott, unless enforced by official action and by officially tolerated but illegal intimidation, would soon die a natural death; whereas, in China it is maintained by some at least that the ill-will of the population is such that the boycott will in any case

be severe for many years. Reports from His Majesty's Consular officers in China will have enabled you to judge as to how far the boycott has subsided in places where it is no longer officially encouraged; and it has seemed to me to be of interest to examine, as far as can be done in this country, the course of the boycott and its effect on Japanese trade. With this object I requested the Commercial Counsellor to examine the export statistics for the last five months; and I have the honour to transmit, herewith, some notes drawn up by Mr. Sansom which I think will be of interest.

2. Owing to the world depression it is not easy to draw exact conclusions from the figures but I think three facts may be said to emerge. The first is that the Chinese boycott has inflicted severe damage to Japanese trade; the second that this damage has been less than is generally believed and the third that Japan has, in spite of the depression and the boycott, been more successful than could have been reasonably expected in maintaining her exports. It will be further observed that, contrary to what one would expect, the export to China of cotton piece goods has suffered less than the total exports and that cotton exports have picked up in a marked manner since January last.

Copies of this despatch have been sent to His Majesty's Chargé d'Affaires at Peking and the Department of Overseas Trade.

I have, &c.,  
F. O. LINDLEY

#### ENCLOSURE I IN NO. 543

##### *The Chinese Boycott*

1. The past effects of the boycott are fairly clear from trade returns:

(a) Total exports from Japan to China (excluding Kwantung and Hongkong)

January-May	million yen
1930	118
1931	73
1932	51

(b) Total exports from Japan to Kwantung Province.

January-May	million yen
1930	42
1931	26
1932	40

(c) Total exports from Japan to Hongkong

January-May	million yen
1930	23
1931	17
1932	5

The totals of these items are:

January-May	million yen
1930	183
1931	116
1932	96

Some allowance must, of course be made for a fall in prices, and also for the fact that the total value of exports of Japan to all Asiatic countries fell during the same periods in the ratio 331, 223, 211. Further the floods and other disasters in China during 1931 decreased purchasing power. But there can be no doubt that the effect of the boycott was extremely severe.

2. Statistical enquiry does not help to answer the question as to whether, now that the boycott has been officially withdrawn, anti-Japanese sentiment in China continues to operate unfavourably against Japan.

In Japanese commercial circles it is usually felt that, left to themselves, Chinese merchants would continue to buy in the most favourable market and would not be governed by sentiment. Moreover, the boycott has demonstrably done damage to certain Chinese commercial interests. Not only did Chinese holders of Japanese goods suffer, from confiscation, imprisonment, beating etc., but third parties not themselves engaged in the import or sale of Japanese goods incurred losses where, for instance, they had advanced money on the security of imports in warehouses. This kind of difficulty had serious reactions upon interests remote from the Japan-China trade, and (according to the Commercial Affairs Bureau of the Japanese Foreign Office) contributed to a financial panic in Hankow and Shanghai at the time of the year-end settlements. Further a number of industrial establishments depending upon materials from Japan had to close down. Chinese merchants in the Dutch Indies, Malay[? a] and Philippines etc. boycotted Japanese goods from October 1931, but some of them have begun to regret this, as Japanese importers have set up their own business in those regions and taken trade from the Chinese dealers. Further, where a Chinese merchant has been prevented from dealing in Japanese goods he has not in every case been able to turn to other countries for a substitute. This is pretty clear from the fact that the loss of trade by Japan has been greater than the gain of trade by competing countries. In many cases the Japanese article is the only one which sells at a price the Chinese buyer can afford, and this has been particularly true in the last year when Chinese purchasing power was low.

3. On the other hand, the boycott was very profitable to certain Chinese interests, such as shipping lines, coal mines, cement works, and even encouraged expansion of some Chinese industries.

4. It will be seen that in China there is a conflict of interests for and against the boycott. The general opinion among Japanese business men seems to be that, in the long run, the anti-boycott interests would prevail over anti-Japanese sentiment, other things being equal. In other words, it is thought that the price and quality of Japanese goods are generally speaking so

suitable to the China market that Chinese importers would tend to purchase them despite their political views, if they were not submitted to pressure by officials or by bodies of agitators. But they agree that this is a big 'if', and they are inclined to predict for the future a series of boycotts, local or national, varied by intervals in which there will be overtrading in Japanese goods. The big businesses dislike the uncertainty of this kind of trading almost as much as the total loss of trade; and this is doubtless one reason why they are for the present concentrating their efforts on North China, and India and the South Seas.

ENCLOSURE 2 IN No. 543

*Japanese Cotton Industry and Trade  
in 1931 and 1932*

1. The outstanding feature of the industry in 1931 and 1932 is its increase in efficiency. Spinning mills have been thoroughly reorganised, and though curtailment agreements have remained in force the number of spindles has increased, while the number of operatives has decreased. All this has been done without additions to capital or loans:

	<i>spindles</i>	<i>operatives</i>
1929 . . .	7,645,000	159,600
1930 . . .	8,017,000	139,100
1931 . . .	8,337,000	121,600

2. So far as concerns exports of cotton cloth, totals were:

	<i>million square yards</i>
1929 . . . . .	1790
1930 . . . . .	1572
1931 . . . . .	1414

This is a heavy drop, and it is generally supposed that the 1931 figure would have been as high as the 1929 figure but for the Chinese boycott. Certainly Japan maintained her position in most other markets and to have got through the year 1931 with only a 10% fall in quantities as compared with 1930 is a remarkable achievement.

For the first 5 months of 1932 the total cotton piece goods exports from Japan to all countries were 639 million square yards, which is better than the 588 million square yards of January-May 1931.

In other words, though the Japanese exporters lost about 50 million square yards in trade with China during these five months, they gained 50 million on their total exports.

3. The effect of the boycott is shown in the following table, showing total exports of cotton piece goods from Japan.

<i>Destination</i>	<i>1929</i>	<i>1930</i>	<i>1931</i>
	<i>million square yards</i>		
China, Kwantung Province, Hongkong	671	588	341
All other markets	1,119	984	1,073
Total:	1,790	1,572	1,414

4. The boycott was in full force only from September 1931, so that the above table does not show its worst effect. This is best appreciated by comparing the monthly average of piecegood exports to China *before* the boycott with the actual monthly figures after the boycott, as follows:

<i>Monthly average</i>	<i>million square yards</i>
for January–September 1931	35·3
1931 October	9·5
November	6·6
December	6·9
1932 January	11·5
February	19·4
March	32·6
April	26·3
May	22·1

It looks as if the China trade had begun to pick up in March, but it is early yet to say, especially as the Shanghai mills had not reopened in the first quarter of 1932.

5. It is almost impossible to say exactly how much the loss of trade at any particular time is due to the boycott, because there are considerations of price, exchange, seasonal demand which cannot be measured; and—very important—floods, famine and banditry have reduced purchasing power in China.

But the following table showing destinations throws some light on the operation of the boycott:

<i>Cotton Piece Goods Trade with China</i>		
<i>January to May, 1932</i>		
<i>Destination</i>	<i>million sq. yards</i>	
	<i>1932</i>	<i>1931</i>
Tientsin	39·94	23·53
Tsingtao	23·33	12·05
Dairen	35·25	16·50
Manchuria	3·28	11·27
Shanghai	1·10	65·43
Hankow	1·46	4·37
Other China Ports	·01	1·77
Hongkong	7·54	29·03
Total:	111·94	163·98

Japanese exporters have clearly endeavoured to find new markets in North China to counteract their losses in Central and Southern China.

**No. 544**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 21, 10.20 a.m.)*

*No. 307 Telegraphic [F 5681/1/10]*

TOKYO, July 21, 1932, 4.16 p.m.

My telegram No. 306.<sup>1</sup>

I expressed hope to Minister for Foreign Affairs this afternoon that a clash with Chinese troops in Jehol would be avoided if only because Chinese government would be sure to protest against aggravation of the situation by Japanese contrary to the League resolution.

Minister for Foreign Affairs replied he believed that captured Japanese<sup>2</sup> would be released in which case the incident would be closed, unless the Young Marshal invaded province or was too provocative.

Repeated to Peking.

<sup>1</sup> In this telegram of July 20 Sir F. Lindley reported that the General Staff had informed the Military Attaché that morning that General Tang Yu-lin intended to join Manchukuo and that the Chinese troop movements (see No. 540) were intended to retain his allegiance to the Peking Government.

<sup>2</sup> In his previous telegram, No. 305 of July 20, Sir F. Lindley had reported that 'line near Chinchow was cut on July 17th and four Japanese captured'. Cf. No. 538.

**No. 545**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 19)*

*No. 378 [F 6299/451/10]*

TOKYO, July 21, 1932

Sir,

On receipt of your telegram No. 109<sup>1</sup> of the 13th instant on the subject of the Nine Power Treaty and the Manchurian Customs, I at once arranged for an interview with the Minister for Foreign Affairs whom I saw on the afternoon of the 14th instant, as reported in my telegram No. 299<sup>2</sup> of that day. I had not had any serious conversation with His Excellency since he took office, my only interview with him being confined to a formal visit which took place on the 7th instant; and I was anxious, if possible, to draw some conclusions as to his general attitude and to find out how far His Excellency really understands English in spite of his somewhat pronounced deafness.

2. In going through your telegram carefully before seeing the Minister, and comparing it with the text of the Nine Power Treaty, it seemed to me

<sup>1</sup> No. 525.

<sup>2</sup> Not printed.



that it was going rather far to state that all Signatories of that Treaty were under a special obligation, 'even if such a (separatist) movement were spontaneously to arise to do everything in their power to prevent it from developing to the point of independence.' The words marked in inverted commas, if applied to a concrete case, would mean that His Majesty's Government might be held bound to send a British fleet to Canton to prevent the Cantonese establishing a separate State. Such a contingency was, no doubt, not contemplated when your telegram was written; but it seemed to me that, in dealing with the Japanese Government, who are so ready to take advantage of any argument that may be presented to them, it would be preferable to confine myself to statements which could not even plausibly be controverted; and I am glad to be able to report that, when I later showed your telegram to my American and French colleagues, they entirely agreed with my interpretation of the Treaty.

3. In order to impress upon the Minister for Foreign Affairs the direct interest taken by His Majesty's Government in the questions raised, and at the same time not wishing to present a formal Note which might give rise to misunderstandings later, I thought it as well to acquaint Count Uchida with the text of your telegram as it stood, omitting only the words mentioned in the preceding paragraph. Count Uchida listened carefully as I read your telegram in such a way that he was able to hear and understand it. He gave me the impression of a very tired man and I was not surprised when he begged me in the most courteous manner to discuss the points raised with the Vice-Minister for Foreign Affairs unofficially and to come to see His Excellency himself again next week in order to deal in an official manner with the important subject mentioned which he had not yet had time to study in all its bearings.

4. On the following morning I called on the Vice-Minister for Foreign Affairs and, at his request, left with him a copy of your telegram with the omission above mentioned.<sup>3</sup> After explaining that he could only express his own personal views, Mr. Arita went through the telegram point by point. As regards the integrity of the Chinese Maritime Customs Administration, Mr. Arita maintained that the Japanese Government could not be held responsible for the actions of Manchukuo, which was an organisation independent of Japan. After impressing on Mr. Arita that anything I said outside what was contained in your telegram must be taken merely as my personal opinion, I replied, as I had already done before (see my despatch No. 358<sup>4</sup> of July 7th), that, while I knew the Manchukuo Government did not by any means always do as the Japanese Government desired, it must not be forgotten that, in the last resort, the former Government was entirely dependent on the support of the Japanese army which took its orders from Tokyo. If that support were withdrawn the Government would collapse in a night and the Japanese officials would be lucky to escape with their lives.

<sup>3</sup> A telegraphic report of this meeting had been sent to the Foreign Office in Tokyo telegram No. 301 of July 15 (received 11.10 a.m.).

<sup>4</sup> See No. 511, note 3.

To this the Vice-Minister asked, rather sharply, how I was aware that such was the state of affairs. Seeing that he suspected I had derived my information from members of the League Commission, and that this suspicion accounted for his unusually curt tone, I answered that it was common knowledge and that there was no foreigner who was in the least acquainted with Manchurian affairs who did not know it was the case.

5. We then turned to the Customs at Dairen, and I remarked to the Vice-Minister that, in that town at any rate, Japanese authority was supposed to reign supreme and that the seizure of the Customs there by Manchukuo could only have taken place with the permission of that authority. This, at any rate, was indisputable. Mr. Arita replied that the present case at Dairen was really exactly similar to the incident which arose when the Government of Peking seized the Customs in the French Concession at Tientsin and installed Mr. Lenox Simpson as Commissioner against the will of the Nanking Government.<sup>5</sup> On that occasion the French authorities, although in full control of the Concession, had not interfered. Although, of course, I remembered the incident, I did not know all the circumstances of the case and I told Mr. Arita that I thought his answer was an ingenious one. In any case, it had not occurred to me before. I would look into it and let him know whether the two cases were really parallel. A few days later I called on my French Colleague and asked him the truth about the Tientsin incident. He said that the Peking Government had at first threatened to take over the Customs by force but that he, who had been in charge at Peking at the time, had told them that if they did so they would be fired upon by the French garrison. They had then changed their tone and asked if they could send one or two emissaries in plain clothes and unarmed to parley with the officials in charge of the Customs. Permission had been given to do this with the result that the officials had been bought<sup>6</sup> over and Lenox Simpson installed. At the same time Count de Martel was not sure whether the Nanking Government was at that time recognised as the Government of China by the Legations. Reference to the Embassy archives shows that the Nanking Government was so recognised.

6. We next took up much the most serious point raised in your telegram, namely, the obligation of the Signatories of the Nine Power Treaty to abstain from encouraging a separatist movement in China. The Vice-Minister argued that the independent Government of Manchukuo was an established fact and that, therefore, it was not possible to say that the Japanese Government was encouraging a separatist movement. After reiterating once again that Manchukuo could never have existed without Japanese assistance, I drew Mr. Arita's attention to the fact that the promise of recognition which had been publicly given by the Japanese Government<sup>7</sup> was in itself a very strong inducement to form a separate state. In fact, it was the greatest

<sup>5</sup> Cf. Volume VIII, Nos. 295 and 326.

<sup>6</sup> The preceding five words were underlined in the filed copy and a marginal pencilled note read: 'untrue or greatly exaggerated. The effective thing was a threat of force. C. W. O.'

<sup>7</sup> See No. 445.

possible encouragement that could be given, even supposing, as the Japanese officially argued, that the constitution of Manchukuo was not due to Japanese action. Mr. Arita evidently was not prepared for this argument, and had nothing in the way of a reply.

7. As regards the last sentence of your telegram, the Vice-Minister stated that he hoped the Japanese Government would shortly have some explanations to make as to their whole position. He still hoped that a compromise might be reached regarding the Customs at Dairen, but the dismissal of Mr. Fukumoto had complicated the matter most unnecessarily. Before leaving he gave me to understand that my next interview with the Minister for Foreign Affairs would give me information on these points.

8. I had the promised conversation with the Minister for Foreign Affairs this afternoon, as reported in my telegrams Nos. 308<sup>8</sup> and 310<sup>8</sup> of to-day's date. Count Uchida began by recounting past history and saying that, when he took over the presidency of the South Manchuria Railway Company at the urgent request of Baron Shidehara last summer, he was astonished to find the exasperation felt by the Japanese inhabitants of the railway area at Chinese arrogance and pin-pricks. He warned Baron Shidehara that there was a state of affairs which was not likely to last and that a rupture with the Chinese was to be feared. When the incident of September 18th occurred all the railway employees threw themselves fervently into the work of helping the army and many of them went a good deal further than the Count himself approved of. The Young Men's Associations, which had been formed amongst the Japanese in the railway zone, were particularly active, and a good many of the railway employees had since joined the Manchukuo Government. Some of these had returned to the railway service whilst others had proved unsatisfactory officials and had been dismissed. The present people at the head of the Manchukuo were doing their best to improve the Administration and were encouraging older men since they had found that the younger ones were not to be relied upon. He hoped in a short time there would be a very marked change. I could only presume that this part of our conversation was due to the complaints which I had made to the Vice-Minister for Foreign Affairs, as reported in my despatch No. 376<sup>9</sup> of July 15th, regarding the high-handed methods of many of the Manchukuo officials.

9. The Count then turned to the question of the obligation which the Nine Power Treaty places on Japan not to encourage any separatist movement in China, and, as I feared, he reiterated the arguments used to me by Mr. Arita as reported in paragraph 6 of this despatch. He denied that the Japanese Government had at its inception encouraged the movement, which was a spontaneous one, and he refused to admit that the promise of recognition was an encouragement because, when that promise was made, the independent State already existed. In my turn I used the same arguments as I had used with Mr. Arita, but regret to say that I was unable to move the Count from a point of view which he could not, as a matter of fact, now

<sup>8</sup> Not printed.

<sup>9</sup> No. 532.

renounce without compromising the position taken up by the Japanese Government for many months.

10. I then reminded the Minister that, in numerous conversations with Mr. Yoshizawa and with Baron Shidehara, I had impressed upon them the extreme desirability of retaining Chinese sovereignty over Manchuria in order to avoid the question of the Nine Power Treaty being raised in an acute form. Unfortunately my arguments had not prevailed and we now found ourselves in the position which I had foreseen was inevitable if the Japanese persisted in their policy. It was impossible to pretend that this Manchurian business did not fall within the terms of the Nine Power Treaty and my Government felt that, if that Treaty was ignored, a strong protest would be justified. Count Uchida would not admit that the Nine Power Treaty was applicable in the present circumstances but went into a long dissertation regarding the life and death importance of Manchuria to the Japanese nation and the unreasonableness of expecting Japan to subordinate herself, in a matter of such importance, to the views of other Powers. There was no very clear argument running through this part of the Count's discourse in which, in one passage which I failed entirely to grasp, he touched on the recognition by the United States of the Panama Government.<sup>10</sup> (Incidentally I should mention that the comparison between American practice in Central America and American precept in Manchuria is a favourite theme of the Japanese Press.)

11. I then took another line, and asked the Count whether he could not tell me, if only for the confidential information of my Government, what the Japanese Government had in mind in this question of the Nine Power Treaty. I could not believe that they intended merely to ignore it, since it was clear that, whatever they may say, the other Signatories and, indeed, all the other Powers, would consider that the Manchurian affair fell within the terms of the Treaty. The Count was slightly embarrassed and, while not admitting the truth of my statement, said that the fact was that Article 7 of the Treaty provided for consultation with the Powers, and Japan was not prepared to consult with anyone in a matter of such vital interest to herself. Consultation could only end in disagreement and would complicate matters rather than simplify them. On the other hand, if Japan were merely to notify the Powers of her intention to recognise Manchukuo nothing would be gained. After recognition was over he thought it possible that the Japanese Government would make a communication to the other Signatories of the Nine Power Treaty, but this had not yet been definitely decided. If, as I had said was possible, strong protests were received from the Powers, Japan would have to answer them as best she could and he could only hope that such protests would not be forthcoming.

12. I sincerely regret that my efforts to bring Count Uchida to a more reasonable frame of mind were such a complete failure. As already reported, I used every endeavour during several months to persuade the Japanese

<sup>10</sup> This recognition had been given to the Republic of Panama on November 6, 1903, shortly after its secession from the Republic of Colombia.

Government of the advantages of harmonising their conduct in Manchuria with their obligations under the Nine Power Treaty. When the Japanese Government announced their intention of recognising Manchukuo, it was evident that these endeavours had been fruitless and I had, therefore, no real hope that my representations on this occasion would change matters in this respect. The only comforting reflection, if, indeed, it be comforting, is that now we know exactly how we stand; not only as to the attitude of Japan towards the activities of the League of Nations but also her view of her obligations under the Nine Power Treaty.

13. As regards Count Uchida personally, I formed the opinion that he had made up his mind to carry out the full policy of the Military Party as regards Manchuria and that he was acutely aware that it was impossible to maintain in argument that this policy was compatible with Japan's obligations under the Nine Power Treaty. He was determined, therefore, not to allow himself to be drawn into such a public discussion as would be inevitable if he approached the Powers officially. Although he never admitted that the Treaty did apply, it was easy to see that his real attitude was that a Manchurian settlement, as desired by Japan, was of such vital importance to her existence that she could not be expected to feel herself bound by any Treaty. In these circumstances, I am inclined to think that, when the Manchurian question comes next before the Assembly, the Japanese Government may well withdraw their Delegates from Geneva on some pretext or other. This does not necessarily mean that they will withdraw from the League altogether; which would be a step which I feel fairly sure they will not take without much hesitation and consideration. But Count Uchida will be more difficult to deal with than Mr. Yoshizawa who was personally clearly desirous of keeping on friendly terms with the Powers and especially with Great Britain, if it could be managed. Moreover, I don't anticipate being able to place my personal relations with the new Minister for Foreign Affairs on the same footing of confidence and friendship which I was able to attain with his predecessor.

A copy of this despatch will be sent to His Majesty's Chargé d'Affaires at Peking.<sup>11</sup>

I have, &c.,

F. O. LINDLEY

<sup>11</sup> Mr. Orde, Sir V. Wellesey, and Mr. Eden minuted this despatch as follows: '... If we have to preach moderation at Geneva, this risk of driving Japan into the wilderness will no doubt be our text, and we can use it also towards the U.S., with the additional argument that the more is said to inflame Japanese resentment and pride, the less likely Japan will be to allow any other country a fair share of trade in Manchuria, and, so far as rests with her, in China. C. W. Orde. 26th August, 1932.'

'We shall have to walk very warily over this. What we have got to bear prominently in view is that our position in the Far East is largely dependent on Japan's goodwill & that she can & will undermine us if we antagonize her. V. W. 27/8/32.' 'J. S. 4/ix.'

'I agree with Mr. Orde's minute. We, with vital interests at stake must continue to moderate the zeal of those who have none. A. E. Sept. 6.'

*Mr. Ingram (Peking) to Sir J. Simon (Received July 22, 10.15 a.m.)*  
*No. 488 Telegraphic [F 5709/4917/10]*

PEKING, July 22, 1932, 3.25 p.m.

My telegram No. 312<sup>1</sup> to Mr. Holman.

Mr. Holman carried out my instructions verbally on July 4th . . .<sup>2</sup> dated July 13th has now been received from Waichiaopu stating that gun-boats should be handed over to National Ministry of Navy and that latter are sending officers to Hongkong to take them over.

In the meantime Canton government under Chen Chi-tang continue to urge that vessels should be handed over to them. They are ready to send men to complete the crews and take them away at once. Both the officer administering Hongkong government and His Majesty's Consul General at Canton are in favour of complying with the Canton request on the ground that refusal will embitter relations between Hongkong and Canton.

Position is, in spite of their legal rights as the recognised Central government, Nanking have no real claim to the gun-boats which have for long been under control of more or less independent authority at Canton. On the other hand, in view of written request from Nanking, whose wishes were consulted at the request of Hongkong government—see Hongkong telegram No. 136<sup>3</sup> to Colonial Office—I do not think that we could properly take active steps to hand the vessels back to Canton.

It is clearly most undesirable that we should be involved on either side in dispute over the control of gun-boats and I suggest that both parties should now be informed simultaneously that since hostilities between Admiral Chan<sup>4</sup> and Canton have ceased reason for immobilization of gun-boats no longer obtains and they are now free to leave Hongkong. If either side presses for more than this they should be told that question of authority over the gun-boats is a matter of Chinese internal politics in which we cannot intervene. If we adopt this line and leave matters to take their course it may be hoped that question will settle itself and representatives of one side or the other

<sup>1</sup> This telegram of July 3 (repeated to the Foreign Office in Peking telegram No. 432 of the same date) referred to a number of Chinese gunboats, under the command of Admiral Chen Chak, which had entered Hong Kong harbour on June 26, as a result of operations following the attempt of Marshal Chen Chi-tang early in May to bring the Cantonese navy and air force under his own direct control. The gunboats were attacked in the afternoon of that day by Cantonese aeroplanes which dropped some bombs within Hong Kong waters (cf. No. 477). The Officer Administering the Government of Hong Kong at once requested the Consul-General in Canton to protest against such pursuit within Hong Kong waters. The Commodore, Hong Kong, also decided on June 27 to give the gunboats twenty-four hours' notice to leave. The largest gunboats left within the time limit, but on June 30 eleven remained, and were then immobilized. Peking telegram No. 312 instructed Mr. Holman to inform the Minister for Foreign Affairs in Nanking that it was proposed to return the vessels to the Canton authorities unless the Chinese Government had any objection.

<sup>2</sup> The text is here uncertain.

<sup>3</sup> Not printed.

<sup>4</sup> i.e. Admiral Chen Chak.

(more probably Canton) will persuade crews of vessels to leave the colony. (The sending of armed forces to take them over—compare second paragraph above—should however presumably be discountenanced). In the last resort, if a prolonged dispute over control of gun-boats should become embarrassing to Hongkong government, they could presumably simply be ordered (and compelled) to leave the colony; whether they went to Canton or Nanking would not concern us.

I should be glad of instructions.

As matter is urgent I am requesting Commander-in-Chief, who suggests necessity of extreme caution in handling situation, to telegraph any comments he may have on proposed lines of action direct to Admiralty.

Repeated to Canton, Commander-in-Chief and Mission.

**No. 547**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 15)*

*No. 387 [F 6147/40/23]*

TOKYO, July 22, 1932

Sir,

The annual Conference of Prefectural Governors is an event in Japanese political activity which usually attracts more public attention even than the opening of the Imperial Diet, because it affords the Government an opportunity to learn from its own representatives what the population in the provinces is thinking, and it enables the Ministers of State to impart their policies to the Governors, and through them to the nation, in a more intimate manner than they are able to do from the rostrum of the Houses of the Diet.

2. The Governors are assembled this week in Tokyo, and the circumstances in which the Saito Ministry came into office,<sup>1</sup> the recent wholesale changes in the Governorships, and the eager anticipation of the measures which are being devised for the alleviation of the distress prevalent in rural communities, have combined to give an added interest to the proceedings. As was to be expected, the Governors of some Prefectures have brought with them pitiful tales of wretched conditions among the people in their own localities. The only occupation in certain hilly districts away from the industrial centres is said to be the making of charcoal, the price of which is lower than it has ever been before, so that it is out of the question for the people of those districts to buy rice. They have to live from hand to mouth, since the soil is too barren to produce any substitute foods. The silk-growing districts are so hard hit by the depression in the silk market that everything is said to look lifeless. Debts are mounting, money-lenders are demanding repayment of their advances, and it is becoming increasingly difficult to find

<sup>1</sup> See No. 374.

anyone to make loans. The Governor of Tottori Prefecture is stated to be greatly alarmed lest the restless conditions to which the people of his district have been reduced by depression, debts and natural calamities, should foster dangerous thoughts. Officials find it useless to attempt to collect taxes, and they are alleged to have seen the inhabitants of some villages which they have visited reduced to eating coarse grass.

3. Similar distressing accounts of the state of affairs in country districts have been a prominent feature of the Press ever since the subject was forced upon the attention of the Government and the nation generally during the last session of the Diet. It was inevitable that the Premier should make special reference to the matter in his address to the Governors, but the Press has been strongly critical of his failure to indicate in unequivocal language exactly how the Government proposed to alleviate the distress which undoubtedly existed. Viscount Saito said that the Government were seriously concerned over the profound economic depression and the consequent restlessness of the people, and they were making preparations with all speed to afford relief to agricultural and fishing villages and small businesses. But the depression could not be relieved by Government measures alone; the people must rise in a patriotic spirit to cope with their own problems. He was gratified to note that the people were already beginning to help themselves, and he urged the Governors to encourage this manifestation of the national spirit. He reminded them, also, that one of the tasks which the coalition Government had undertaken was the purification of party politics, and that the people had been forced by the frequency of political disputes to doubt the efficacy of constitutional government. The Governors, he said, must carry out their official duties in strict fairness, and must devote themselves to the interests of the people of the districts to which they have been assigned.

4. The necessity of self-help was emphasised also by the Finance Minister, whose speech to the Governors painted a sombre picture of the financial and economic situation. Mr. Takahashi's pessimistic tone was probably deliberately assumed in order to impress upon the Prefectural Governors that conditions at the present time were unsuited to extravagant schemes which they might put forward under pressure from local interests, but for which the country could not pay. He said that State revenue had declined and that there was no surplus to draw upon in compiling the Budget, the preparation of which was rendered doubly difficult by the heavy expenditure entailed by military undertakings in Manchuria. Emergency measures for economic recovery and the relief of distress would involve heavy drafts on the National Exchequer, and the only course open to the Government was to raise loans, the total amount of which during the present fiscal year would be six hundred and fifteen million yen. It was important that the feeling of uneasiness prevalent in all grades of society should be removed, so that credit might be re-established, and he therefore sought the co-operation of the Governors in getting the people to display the spirit of self-help which would do much to improve their own conditions.



5. The address delivered by Count Uchida, Minister for Foreign Affairs, appears from accounts in the Press to have been limited to a few remarks regarding Manchuria. After paying a tribute to the efforts of the army in Manchuria, the Minister stated that the establishment of the new State was the result of the political decomposition of China. The Imperial Government wished to see Manchukuo flourish in peace and prosperity, and had already determined that, as soon as the time was ripe, it would recognise the new State. It was obvious, however, that adequate preparations were necessary, and it was therefore impossible to give the date of such recognition.

I have, &c.,

(For His Majesty's Ambassador),

ALVARY GASCOIGNE<sup>2</sup>

<sup>2</sup> Second Secretary in H.M. Embassy at Tokyo.

No. 548

*Letter from Mr. Ashley Clarke (Geneva) to Mr. R. J. Bowker<sup>1</sup>*  
(Received July 25)

[F 5734/1/10]

GENEVA, July 23, 1932

My dear Bowker,

I send you copy of a message received by the Secretary-General from Peking about the Lytton Commission, which he has passed on to us with the request that it be kept secret (i.e. green<sup>2</sup> I suppose). . . .<sup>3</sup>

Yours ever,

ASHLEY CLARKE

ENCLOSURE IN No. 548

*Most secret*

PEIPING, July 22, 1932

Following message for the Secretary General:

No information as to conversation between Commission and Japanese Foreign Minister has been given to press either by us or by Japanese side. Information published is of no value. Situation is following: Commission explained to Foreign Minister serious consequences and danger for future peace of isolated action taken by Japan which might prejudice future settlement, particularly pending enquiry Commission and before discussion League of Nations, reference being made specially to recognition of Manchukuo Government. Such recognition could be based only on two assertions made on Japanese side, namely, *first* that Japanese military action was based on self defence, *secondly* that Manchurian people desired independence, these two assertions having yet to be proved. Commission was prepared to exchange views on other methods of safeguarding Japanese main legitimate

<sup>1</sup> A Second Secretary in the Foreign Office.

<sup>2</sup> A filing classification.

<sup>3</sup> Another administrative comment is here omitted.

interests which Commission fully appreciated, but found this exchange of views useless if Japanese Government did not keep an open mind. Answer from Foreign Minister was *first* that Government had decided to recognise Manchukuo Government, *secondly* that it felt free to do it without reference to any international discussion. Discussion practically ended and Commission left Japan. This early departure although announced before first interview with Foreign Minister, creating<sup>3</sup> serious impression in Japan. Our impression is that situation in Japan much less clear than would appear from official declarations Foreign Minister. Many influences in Foreign Office and even in military circles are against early recognition of Manchukuo Government even from purely Japanese point of view and taking account of constant difficulties with Japanese officials of Manchukuo Government. Moreover discussion with Foreign Minister has been discussion of principle, but nothing has been said which indicates that in fact Manchukuo Government will be recognised at a given date which would in fact take place before international discussion. Everything will depend upon internal developments. Internal situation politically financially and economically very serious. Extraordinary disorder in mind; another push<sup>4</sup> considered likely.

Back to Peiping will prepare report and conclusions as already considered.

Illness Lord Lytton obliges him stay bed fortnight but will probably be able to work. Kotze<sup>5</sup> very seriously ill.

HAAS.<sup>6</sup>

<sup>3</sup> It was suggested on the filed copy that this word should read 'created'.

<sup>4</sup> A marginal note by Mr. Orde at this point reads: 'where? perhaps "putsch" in Japan? C. W. O.'

<sup>5</sup> See No. 497, note 3.

<sup>6</sup> M. Robert Haas, Secretary-General of the Lytton Commission, was a Director in the League of Nations Secretariat.

## No. 549

*Mr. Ingram (Peking) to Sir J. Simon (Received July 24, 7.30 p.m.)*

*No. 496 Telegraphic: by wireless [F 5735/1/10]*

PEKING, July 24, 1932

Following received from Mukden No. 60, July 23rd.

Begins.

Addressed to Peking No. 60, by post to Tientsin, Newchwang and Dairen.

Following from Sta(? mank)<sup>1</sup> for Military Attaché.

Begins.

Japanese 8th division headquarters Chinchow state that release of Japanese officer captured at Peipiao<sup>2</sup> expected shortly. Japanese troops have not yet crossed the border into Jehol though reconnaissance and propaganda over

<sup>1</sup> Presumably a reference to Captain Stables.

<sup>2</sup> See No. 538.

Jehol being carried out by the Air Force. Advance of Chang Hsueh-liang's troops across Hopei-Jehol border will be construed as offensive action.

My impression is that in view of inadequate force and preparations at Chinchow Japanese do not intend immediate large scale advance into Jehol at any rate until departure of League of Nations Commission but hope for peaceful . . .<sup>3</sup> by negotiations with Tang Yu-lin.

At the same time proof of Chang Hsueh-liang's instigation and control over volunteers of Jehol border is being carefully prepared to provide necessary excuse for offensive action if negotiations fail.

Ends.

<sup>3</sup> The text is here uncertain. A note on the filed copy suggests 'result'.

## No. 550

*Mr. Ingram (Peking) to Sir J. Simon (Received July 23,<sup>1</sup> 7.40 p.m.)*

*No. 495 Telegraphic [F 5731/1/10]*

PEKING, July 24, 1932, 11.30 p.m.

Mukden telegram No. 60.<sup>2</sup>

Information from both Japanese and Chinese sources indicates that Japanese have for some time been trying to buy over Tangyulin. Resistance of his troops to Japanese attack shows they have been unsuccessful so far and without his support it seems certain that they could not press home attack on Jehol through mountain country with forces at present at their disposal at Chinchow and it therefore appears unlikely that this incident will lead to serious hostilities unless Young Marshal takes some very antagonistic action.

2. Young Marshal has sent a cavalry brigade and three infantry brigades to southern frontier of Jehol but according to Chinese staff their orders are not to go beyond the Wall unless Japanese press their attack on Jehol in which case they are to advance into the province and resist it.

3. Military conference is at present in progress here which may have important effect on political situation in north China.

Han Fu-chu (chairman of Shantung) arrived here yesterday with Shih Yu-san and Hsu Yung-chang (chairman of Shansi) and Shang Chen some days previously. And their arrival here, ostensibly to support Young Marshal in resisting Japanese aggression, may well react eventually on his political position. But if Japanese refrain from further hostilities it is difficult to believe that they will force him into taking the offensive.

Repeated to Tokyo, Mission, Commander-in-Chief.

<sup>1</sup> This recorded date is presumably in error for July 24.

<sup>2</sup> See No. 549.

No. 551

*Mr. Ingram (Peking) to Sir J. Simon (Received July 25, 10.15 a.m.)*

*No. 498 Telegraphic [F 5736/303/10]*

PEKING, July 25, 1932, 3.20 p.m.

My telegram No. 478.<sup>1</sup>

Instructions of Director-General of Posts published by Post Office yesterday state that it is necessary to suspend all postal operations in three Eastern Provinces.<sup>2</sup> Issue and payment of money orders for and from Manchuria is to be stopped and main mail matters for Manchuria will not be accepted. For the time being mail matters from China will not be despatched via Siberia.

2. Postal Commissioner, Mukden, informed His Majesty's Consul-General July 23rd that he had been instructed to lodge strong protest against proposed seizure of posts by Manchurian Government.<sup>3</sup> On July 24th he received instructions to evacuate Mukden district with entire staff forthwith. He considers these sudden instructions have been issued by Nanking in order to embarrass Manchurian authorities. Whether latter will be able to maintain service appears to depend largely on how many Chinese postal employees seemed willing or unwilling but His Majesty's Consul-General considers temporary disorganization inevitable. I understand however that Japanese Post Offices in railway zone are prepared to take charge of postal services if necessary.

3. I am instructing His Majesty's Consul-General Shanghai to make enquiries of Director-General as to arrangements being made for dealing with Siberian mail especially mails already despatched from Europe.

Repeated to Tokyo, Shanghai, Mission, Mukden, Harbin and Newchw[ang].

<sup>1</sup> No. 534.

<sup>2</sup> For the text of the official statement of July 25 announcing the postal embargo, see *The China Year Book 1933*, p. 598.

<sup>3</sup> H.M. Vice-Consul at Mukden (Mr. B. H. Clarke) in his despatch No. 110 of July 25 to Mr. Ingram (copy received in the Foreign Office on August 26 as enclosure in Mukden despatch No. 107 of July 25) reported Mr. Poletti as saying in confidence that 'his instructions were to make his protest as strong and as public as possible in order to distinguish the coming inevitable surrender of the Posts in Manchoukuo from that of the Customs which had already taken place and he had consequently started by recording his protest with foreign Consuls—including the Japanese.'

No. 552

*Sir J. Simon to the Spanish Ambassador<sup>1</sup>*

*[F 5629/451/10]*

FOREIGN OFFICE, July 25, 1932

Your Excellency,

I have the honour to refer to the memorandum<sup>2</sup> which Your Excellency

<sup>1</sup> Señor Don Ramón Pérez de Ayala.

<sup>2</sup> Not printed.

caused to be left at the Foreign Office on the 18th July, in which enquiry is made as to the action contemplated by His Majesty's Government in the United Kingdom with a view to the maintenance of proper security for the foreign loans of the Chinese Government which are a charge on the revenues of the China Customs Administration.

2. The information of His Majesty's Government is that the revenues collected by the Customs at all ports in Manchuria, and also at Dairen, have now been seized by the Manchurian authorities. Hopes had been entertained that China might tacitly allow the Manchurian authorities to retain part of the Customs revenue collected in Manchuria in return for the maintenance of the integrity of the Customs Administration. The Manchurian authorities had already undertaken to recognise all obligations inherited from China and under the kind of arrangement that was contemplated the revenues collected at Dairen—where the Chinese Customs House is established by virtue of a Sino-Japanese agreement of 1907—might have been considered as equivalent to Manchuria's quota for the foreign obligations secured upon the Chinese Customs revenues. The seizure of the revenues at Dairen having rendered this impossible, His Majesty's Government immediately expressed to the Japanese Government the hope that no departure from this agreement would be countenanced which might impair the foreign interests involved in the Customs Service. The Japanese Government, in reply to these representations, undertook to endeavour to effect a satisfactory arrangement.

3. The arrangements to be made for effecting the service of the obligations secured upon the Chinese Customs are primarily a matter for the Chinese Government. Pending clarification of the situation His Majesty's Government have not been able to decide what further action they should take in the matter.

I have, &c.,

(For the Secretary of State)

C. W. ORDE

No. 553

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 150 Telegraphic [F 5732/4917/10]*

FOREIGN OFFICE, July 26, 1932, 12.45 p.m.

Your telegram No. 488<sup>1</sup> which please repeat to Hongkong (of 21st July. Detention of Chinese gunboats at Hongkong).

I agree that it is undesirable that either Canton or Nanking should send personnel to take over gunboats until they have settled their own dispute over control. Both sides should be informed as suggested in your telegram under reference. Officer administering Government of Hongkong is meanwhile being instructed to give strong hint to gunboats to leave Hongkong waters.

Please repeat to Hongkong and Commander-in-Chief.

<sup>1</sup> No. 546.

**No. 554**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 26, 6.30 p.m.)*

*No. 501 Telegraphic: by wireless [F 5792/2/10]*

PEKING, July 26, 1932

Following received from Shanghai July 25th. Begins:

Addressed to Peking No. 197; repeated to Mission.

Manager Hongkong and Shanghai Bank tells me Manchurian authorities at Harbin wish to open account with local branch of his bank for customs and salt revenue earmarked for foreign obligations. It is not stated whether these funds are to be remitted for loan service through Chinese Government or otherwise.

Bank enquires if His Majesty's Government consider it desirable that they should act in the matter.

**No. 555**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 26, 6.30 p.m.)*

*No. 502 Telegraphic: by wireless [F 5793/2/10]*

Shanghai telegram No. 197.<sup>1</sup>

PEKING, July 26, 1932

I request instructions.

I have not sufficient expert knowledge to comment on proposal but would suggest Hongkong and Shanghai Bank should be very cautious about accepting custody of funds until some machinery acceptable to all concerned has been devised for dealing with them.

Repeated to Mission, Shanghai and Tokyo.

<sup>1</sup> See No. 554.

**No. 556**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received July 27, 10.15 a.m.)*

*No. 313 Telegraphic [F 5800/2/10]*

TOKYO, July 27, 1932, 1.15 p.m.

Following received from Foreign Minister of Manchukuo dated July 25th.

Begins:—

'I have the honour to inform you that Government of Manchukuo is desirous of giving effect to its past declaration that it will pay without fail its quota of foreign loan service of Chinese customs and to facilitate and ensure such payment has arranged to deposit reasonable amount of money out of customs revenues of Manchukuo in reliable foreign banks.<sup>1</sup>

'Government of Manchukuo, in its desire to arrive at satisfactory agreement with foreign creditor governments concerned as to method of

<sup>1</sup> Cf. No. 537, enclosure.

definitely fixing and remitting portion of foreign loan service to be borne by Manchukuo out of total amount of foreign loans secured on Chinese customs revenues as it stood on March 1st, 1932, the day of the independence of the State, is ready to open negotiations with creditor governments or with Inspector General of Customs on presentation of exact data.

'In the meantime, however, and until such an agreement is reached with foreign creditor governments or with Inspector General of Customs, Government of Manchukuo proposes to fix Manchukuo quota in accordance with ratio existing between Manchukuo customs revenues and totals of combined Manchukuo and Chinese customs revenues. In view, however, of certainty that said ratio may undergo changes in future due to increase of revenue consequent on adjustment of tariffs, reorganization of customs service and system, and development of natural resources and trade, Government of Manchukuo declares that under no circumstances will it recognize or agree to any increase in ratio above that existing in 1931, deeming it unreasonable that Manchukuo should be asked to pay higher . . .<sup>2</sup> resulting from any increase in its customs revenue proceeding from its own efforts.

'As evidence of its sincerity in above matter Government of Manchukuo takes this opportunity to further inform you that it has completed arrangements for remitting to Inspector General of Customs Shanghai through Dairen branch of Yokohama Specie Bank sum of silver yen 1,140,101.95 . . .<sup>3</sup> out of customs revenues detained by it at the time of taking over customs, and that it reserves the right to adjust said amount with Manchukuo quota when latter is definitely decided upon.'

Ends.

My United States colleague is not acknowledging receipt of this communication pending instructions from Washington, and my French colleague has instructed French Consul-General at Mukden to mention to Manchukuo authorities in an unofficial manner that French Ambassador has received their communication and has forwarded it to Paris. I do not propose to acknowledge receipt.<sup>4</sup>

<sup>2</sup> The text is here uncertain. The identical message printed in *F.R.U.S. 1932*, vol. iv, pp. 184-5 here reads: 'a higher ratio'.

<sup>3</sup> The text is here uncertain. Comparison with the text in *F.R.U.S. 1932*, *op. cit.*, indicates that nothing is omitted.

<sup>4</sup> Sir J. Simon wrote the following undated minute on this telegram: 'This is very important indeed. Are we making any communication with Stimson? J. S.'

In the Far Eastern Department of the Foreign Office it was agreed with reference to this telegram (in minutes of July 28 not referring to the question of communication with Mr. Stimson) that no acknowledgement should be sent to the message received by Sir F. Lindley from the Foreign Minister of Manchukuo. These minutes were initialed by Sir V. Wellesley on July 28 and Sir J. Simon on July 31.

With reference to Sir J. Simon's minute above, Mr. Broad of the Far Eastern Department subsequently wrote in a minute of August 4: 'No enquiry has been received from Washington, and as no action is being proposed, it would not seem necessary to approach the United States Government.' This minute was initialed by Sir V. Wellesley on August 5.

**No. 557**

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 153 Telegraphic [F 4724/65/10]*

FOREIGN OFFICE, *July 28, 1932, 5.55 p.m.*

Your telegram No. 326<sup>1</sup> (of June 8th; Extra-settlement roads agreement).

I should be glad to know how matter stands. It is eminently desirable that agreement, which seems very satisfactory, should be ratified, and if Chinese government are hesitating I hope you may find it possible to stimulate them. It might be pointed out to them that whatever their attitude towards the question of a round table conference their position would be greatly strengthened by accepting the agreement. They would remove an important argument in favour of a conference, or if a conference is to be held they will have placated in advance an important section of foreign opinion.

<sup>1</sup> No. 407.

**No. 558**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 29, 9.30 a.m.)*

*No. 510 Telegraphic: by wireless [F 5851/5851/10]*

*Confidential*

PEKING, *July 28, 1932*

United States Minister has learned that Chinese circles are concerned over possible activities of Japanese Legation guard in the event of Japanese penetrating south of Wall and marching on Tientsin and Peking. If situation should develop in this sense he anticipates demand from Chinese that Japanese Legation guard should be neutralised and has warned State Department that question may conceivably become a live one.<sup>1</sup>

Repeated to Commander-in-Chief.

<sup>1</sup> See *F.R.U.S. 1932*, vol. iv, pp. 185-6.

**No. 559**

*Mr. Ingram (Peking) to Sir J. Simon (Received July 29, 9.30 a.m.)*

*No. 512 Telegraphic: by wireless [F 5852/1/10]*

*Confidential*

PEKING, *July 28, 1932*

My telegram No. 463.<sup>1</sup>

My United States colleague who had reported to State Department possibility that this might lead to discussion in Corps Diplomatique of round table conference tells me in confidence that reactions of his Government were as follows:—<sup>2</sup>

<sup>1</sup> No. 523.

<sup>2</sup> Cf. *F.R.U.S. 1932*, vol. iv, pp. 183-4.



a. They did not view with favour idea of round table conference as regards Shanghai since it was difficult to disassociate it from recent events there or those events from the whole question of Sino-Japanese relations and connected multilateral treaty obligations. Shanghai was part of much wider whole.

b. Immediate problems at Shanghai were (1) Court question. State Department felt this could best be adjusted by a prolongation of existing agreement<sup>3</sup> and that conversations with Chinese Government might well be begun by interested Powers to that end. (2) Extra Settlement roads. State Department understood this was already subject of local negotiation which was approaching successful conclusion and saw no reason for interfering with this method of dealing with it. (3) Demilitarized zone. State Department regarded this question as deriving from recent hostilities which in turn arose out of wider issue of Sino-Japanese relations and connected treaties and could not therefore be divorced from consideration of general problem in its widest aspects.

2. United States Minister enquired whether we had any views as to (b. 1) above.

I told him I had not thought matter out yet and would consult you.

Repeated to Mission and Shanghai.

<sup>3</sup> The agreement of February 17, 1930 (see No. 233, note 3) was due for revision or renewal on or before March 31, 1933.

#### No. 560

#### *Translation of Telegram from the Waichiaopu, of July 28, 1932<sup>1</sup>*

[F 5878/1/10]

The Japanese Government has decided to appoint an Ambassador Extraordinary and Plenipotentiary to the so-called Manchukuo who shall concurrently be the Commander-in-Chief and Governor-General of Kwangtung. This is a repetition of what Japan did in Korea prior to annexation, and may be regarded as a preliminary step to Japan's recognition of the puppet government with a view to eventual annexation of Manchuria.

<sup>1</sup> This translation was communicated by the Chinese Chargé d'Affaires in London: it was filed in the Foreign Office on July 30. For a similar statement received by the State Department, see *F.R.U.S.* 1932, vol. iv, p. 188.

#### No. 561

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 154 Telegraphic [F 5793/2/10]*

FOREIGN OFFICE, *July 29, 1932, 2.30 p.m.*

Your telegram No. 502<sup>1</sup> (of July 26th; banking of Manchurian salt and customs funds).

<sup>1</sup> No. 555.

If the bank are drawn in by either party to a political dispute there is of course the danger that they may be exposed to attack by the other party. It is for the bank alone to judge whether, and to what extent, accepting custody of the funds is likely to antagonise the Chinese. I agree that great caution is necessary and they will no doubt ascertain the views of the Inspector-General and other competent authorities in China before reaching a decision. Subject to the above I am inclined to think that there would be no harm, and possibly some advantage, in the bank accepting these funds as an ordinary deposit in the ordinary way of business, provided they make it clear, at any rate at this stage, that they are not in any way concerned with the question of ear-marking for any particular purpose.

No. 562

*Mr. Clarke (Mukden) to Mr. Ingram (Peking)*<sup>1</sup>

*No. 115 [F 6630/1/10]*

MUKDEN, *July 29, 1932*

Sir:—

I have the honour to report that Mr. Chase, the Acting American Consul-General, informed me on the afternoon of July 28th that he had seen Mr. George Bronson Rea, the American Editor of the 'Far Eastern Review', on the previous day and the latter had informed him that he had accepted an offer of the Manchoukuo Government to proceed to Geneva, as its unofficial representative, and will act as Adviser—again unofficially—to the three Japanese delegates during the September session of the League Assembly.<sup>2</sup> Mr. Chase tells me that Mr. Rea is quite prepared to justify Japanese intervention in Manchuria by pointing out, what he considers, the analogy of American action in Cuba, Nicaragua, etc. in the past. On his return from Geneva, I understand that Mr. Rea will become—at a high rate of remuneration—an adviser on General Affairs to the Manchoukuo Government and will take up his residence in Mukden.<sup>3</sup>

2. The Manchoukuo Government appears to be taking steps to surround itself with a veritable cordon of advisers—apart from the innumerable Japanese Advisers already installed in all Government Offices—and the 'Manchuria Daily News' published on July 28th reports that the Japanese Government is now appointing three Supreme Japanese Advisers to the New State at the latter's request—Mr. Mizumachi, a Privy Councillor, has been selected as Financial Adviser, Lieutenant-General Chikushi as Military Adviser while Mr. K. Yoshizawa, the former Minister for Foreign Affairs, is among the candidates for the post of Diplomatic Adviser.

<sup>1</sup> A copy of this despatch was sent to the Foreign Office under Mukden despatch No. 112 of July 29 (received September 10).

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 205.

<sup>3</sup> Mr. Rea's views are given at length in George Bronson Rea, *The Case for Manchoukuo* (New York, 1935).

3. Another who might almost be considered to hold the post of Adviser to the Manchoukuo Government is Mr. G. W. Gorman (see paragraph 3 of Mukden despatch No. 37<sup>4</sup> of March 17th, 1932). There is no doubt that he is in close touch with high officials of the Manchoukuo Government and, apart from his journalistic ventures under the *nom de plume* of 'P. Ohara', there is reason to suppose that he spends part of his spare time keeping the Government informed of the trend of foreign opinion. He has established himself with his family in one of the numerous palatial residences in Mukden formerly owned by officials of the Liaoning Government.

4. I am forwarding copies of this despatch to the Foreign Office, to His Majesty's Ambassador at Tokyo, to the Diplomatic Mission at Nanking, and to His Majesty's Consular Officers at Harbin, Newchwang and Dairen.<sup>5</sup>

I have, &c.,

D. H. CLARKE

*Vice-Consul*

*(in the absence of H.M. Consul-General)*

<sup>4</sup> See No. 519, note 3.

<sup>5</sup> A copy was sent by the Foreign Office to H.M. Embassy, Washington, under cover of despatch No. 1198 of September 15.

## No. 563

*Sir J. Simon to Sir F. Lindley (Tokyo)*

*No. 114 Telegraphic [F 5434/2362/10]*

FOREIGN OFFICE, *July 30, 1932, 2.30 p.m.*

My despatch No. 372<sup>1</sup> (of 19th May; transfers of insurance and the open door in Manchuria).

In a further case at Changchun the new Central Bank, which has absorbed Provincial Bank of Kirin, has cancelled policies formerly taken out by latter bank with British Companies, of which Messrs. Butterfield and Swire are agents, and enquiries show that the insurance is to be passed to Japanese Companies and that this action was taken in consequence of instructions given by the Japanese members of the staff of the Central Bank. There is at present no evidence to show whether the Japanese in question were emissaries of the Japanese government, but this case is not an isolated one so far as bank insurances are concerned and the occurrence of cases of this nature appears to indicate the existence of a definite plan to drive British firms out of a business in which they have long been engaged and to use the paramount Japanese influence in Manchuria to secure this business for their Japanese rivals.

You should therefore immediately make representations to the Japanese government on the lines of my despatch No. 294<sup>2</sup> (of 19th April). You should add that His Majesty's Government cannot regard what has happened in

<sup>1</sup> See No. 240, note 3.

<sup>2</sup> No. 240.

these cases as consistent with Japan's treaty obligations and recent assurances, and you should point out that the adoption of a policy of this kind is bound to meet with the utmost possible resistance from us as well as from other Powers. Please repeat to Peking.

Repeated to Paris No. 110 Saving and to Washington No. 13 Saving (en clair by post).

**No. 564**

*Sir J. Simon to Sir F. Lindley (Tokyo)*

*No. 115 Telegraphic [F 5434/2362/10]*

FOREIGN OFFICE, *July 30, 1932, 2.45 p.m.*

My immediately preceding telegram.<sup>1</sup>

No direct reference should be made in your representations to the Bank of Manchuria or the Commercial Union Assurance Company, as latter have in any case decided to abandon their Manchurian business and are anxious that nothing should be said which might damage their business in Japan, which is considerable.

Please repeat to Peking.

<sup>1</sup> No. 563.

**No. 565**

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 157 Telegraphic [F 5852/1/10]*

FOREIGN OFFICE, *July 30, 1932, 3 p.m.*

Your telegram No. 512<sup>1</sup> (of July 28th; Shanghai round table conference).

Our views agree generally with those of State Department. Question of Shanghai court however is still under consideration and we do not expect to reach any definite conclusions for some weeks. Our considered views will be communicated to United States Government as soon as possible.

Repeated to Washington (Saving) No. 12.

<sup>1</sup> No. 559.

**No. 566**

*Mr. Ingram (Peking) to Sir J. Simon (Received August 1, 10 a.m.)*

*No. 516 Telegraphic: by wireless [F 5881/1108/10]*

PEKING, *July 30, 1932*

Your telegram No. 94.<sup>1</sup>

His Majesty's Consul-General Shanghai reports that in one case (3 in

<sup>1</sup> No. 364.

list 4)<sup>2</sup> communicated by him to Japanese Consul-General latter has replied admitting that property was destroyed by Japanese but denying liability as premises were occupied by Chinese troops. This indicates<sup>3</sup> that Japanese are not prepared to consider the claims falling in class 3 of your telegram No. 94 and as His Majesty's Government are not prepared to press such claims I submit it will be both waste of time and misleading to claimants if claims are prepared and submitted only to be rejected *en bloc* with all deference to the views of His Majesty's Ambassador at Tokyo (see his telegram No. 70).<sup>4</sup>

2. I suggest some discussion with Japanese government is advisable now if we are to avoid being placed in a false position with our own nationals. The best line to take might be to tell Japanese government openly that we do not propose to press claims in class 3 but that we have noticed certain statements regarding compensation for neutral sufferers and should welcome an assurance that they are prepared to do something for the innocent sufferers in class 3 as well as in classes 1 and 2.

3. If however you still think it undesirable to raise the question at Tokyo at this stage (? His Majesty's Consul-General) Shanghai should be instructed to accept only claims in classes 1 and 2.

Repeated to Tokyo, copies by post to Shanghai and Mission.

<sup>2</sup> A minute on the file by Mr. A. L. Scott (attached to the Far Eastern Department of the Foreign Office) reads: 'There are two "lists 4" sent in to the Japanese auth[oritie]s, but presumably the reference is the "List No. 4—Loss or damage otherwise than by looting"....'

<sup>3</sup> An unsigned marginal comment (probably by Mr. MacKillop) here reads: 'I don't think it does.'

<sup>4</sup> Presumably Tokyo telegram No. 248 to the Foreign Office; see No. 396, note 5.

## No. 567

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 7)*

*No. 397 [F 6574/270/10]*

CHUZENJI, *July 31, 1932*

Sir,

I have the honour to report that the Official Gazette of July 27th announced the appointment of Count Hirota Hayashi, a Member of the House of Peers and Professor of Literature in the Tokyo Imperial University, to be President of the South Manchuria Railway in succession to Count Uchida, who recently assumed the portfolio of Foreign Affairs in the Saito Coalition Cabinet.

2. In Japan itself and, judging from Press telegrams, in Dairen, the appointment has caused great surprise partly on account of the choice made and partly because of the time for making it. Only about two weeks ago it was generally reported with some confidence that Mr. Nagai, the Minister for Overseas Affairs, within whose competence the nomination of the President of the South Manchuria Railway lies, had selected Mr. Chuji Kajiwara, a former President of the Yokohama Specie and the Hypothec Banks, and the

official announcement of the appointment was expected at any moment. Once more, however, the omnipotent Military authorities stepped in and forestalled the nomination of Mr. Kajiwara, ostensibly on the ground that the matter was not urgent and might well wait for the impending unification of the various government organisations in the Leased Territory, as a result of which it was expected that there would be a change in the status of the South Manchuria Railway.

3. The opposition of the Military to the selection of Mr. Kajiwara has been variously interpreted as due to his party affiliations with the Minseito, or else to their insistence that the presidency of the railway should be offered to a man of greater eminence. Departmental differences of opinion resulted in the matter being left to the decision of the Prime Minister himself, and Count Hayashi is believed to be his choice, but it is undoubtedly a choice which he knew beforehand would be acceptable to the Army. Official opinion seems to be satisfied that the proved ability and high personal character of the new president fit him admirably for the post, and the boldness of the appointment is interpreted as a further step in the direction of security of tenure, which the strife of party politics has hitherto made impossible. The Press, on the other hand, show an entire lack of enthusiasm over the selection of Count Hayashi whom they charge with being an out-and-out politician without business experience—an unfortunate defect just at the time when, as they assume, the railway is to become a purely business concern.

4. While it is true that Count Hayashi's interests have been chiefly on academic lines, his experience as Chairman of the Budget Committee of the House of Peers on many occasions has given him, as he confessed in an interview following his appointment, an interest in financial subjects. In any case, he has in Mr. Hatta, the Vice-President of the Railway, an able assistant who will relieve him of technical routine matters and permit him to devote himself to the administration of the railway in accordance with the wishes of the Military Authorities. In another interview with representatives of the Press, Count Hayashi said that both the Prime Minister and General Araki, the Minister for War, had denied that there was any intention of changing the existing administration of the railway in connexion with the unification of the government organisations in Kwantung. He said that, on the contrary, the railway would engage in the development of resources on a large scale, and the capital of the company would be increased at the earliest possible date. He believed that the proper administration of the South Manchuria Railway Company would be a step towards economic unity between Japan and Manchuria.

5. A well-known Japanese journalist told a local British subject who is in close touch with this Embassy that, in his opinion, the desire of the Military authorities for a man of greater eminence than Mr. Kajiwara implied that the functions of the President of the South Manchuria Railway were likely to be increased, rather than decreased, as a result of the growing intimacy of the relations between Japan and Manchukuo. In future, he said, the President would have to administer not only the South Manchuria Railway

but also the Chinese Eastern Railway over which the Manchukuo would assume control.

A copy of this despatch has been sent to His Majesty's Chargé d'Affaires at Peking.

I have, &c.,  
F. O. LINDLEY

No. 568

*Mr. Ingram (Peking) to Sir J. Simon (Received August 1, 9 a.m.)*

*No. 517 Telegraphic [F 5880/1/10]*

PEKING, August 1, 1932, 12.39 p.m.

My telegram No. 495.<sup>1</sup>

I presume War Office will have shown . . .<sup>2</sup> Tientsin telegram No. 1-5149<sup>3</sup> which entirely confirms my reading of Japanese intentions.

Donald tells me Young Marshal is torn between loyalty to Chiang on the one hand who urges him to take no step which will aggravate situation or bring Japanese inside the Wall and Wang Ching-wei on the other hand whom he offended through want of respect on latter's visit here some weeks ago and who in company with other Nanking politicians has been utilizing Jehol incident as suitable occasion to discredit Young Marshal on grounds of his inactivity.

Greatest danger lies in possibility of an open declaration by Tang Yu-lin of his allegiance to Manchuria. Public opinion would then probably demand that Marshal should engage in punitive expedition against rebels and would be so insistent that his failure to comply would involve his elimination from North China while his compliance would bring Japanese inside the Wall. It is strongly suspected by observers here that Han Fu-chu is in secret pay of Japanese who would welcome him in Young Marshal's place.

Repeated to Mission, Commander-in-Chief and Tokyo.

<sup>1</sup> No. 550.

<sup>2</sup> The text is here uncertain. A pencilled note on the filed copy suggests 'you'.

<sup>3</sup> Not printed. This telegram of July 30 from the Commander, Tientsin Area, to the War Office (copy received in the Foreign Office from the War Office on August 3) gave an account of an interview with the Japanese Chief of Staff (presumably of the Kwantung Army) on July 30. It said that the Japanese never looked on the Jehol incident as at all important and considered it had been brought on entirely by the Young Marshal. Japanese troops were only sent to parts of Manchuria where there was disorder. 'Japanese have no intention whatever of attacking or taking Tientsin or Peking and are rather surprised that world should be so anxious over this question.'

No. 569

*Mr. Ingram (Peking) to Sir J. Simon (Received August 2, 9.30 a.m.)*

*No. 519 Telegraphic: by wireless [F 5891/65/10]*

Your telegram No. 153.<sup>1</sup>

PEKING, August 1, 1932

Neither Council nor Chinese government were satisfied with original draft agreement which has been revised as a result of further negotiations. Neither Council nor city<sup>2</sup> government are yet committed to this revised draft and until Council have accepted it, it would be premature for me to approach Chinese as suggested in your telegram.

If agreement is reached there may be difficulties as to who will sign owing to Chinese reluctance to recognise municipal council. They have suggested tentatively that it should be signed by senior consul<sup>3</sup> but His Majesty's Consul General feels that reference to consular body will involve discussions and delays which may wreck agreement.

I have consulted my United States colleague and we have agreed that best means of short circuiting Japanese official obstruction is to take the line that agreement is outside land regulations and does not require approval of consular and diplomatic bodies.<sup>4</sup> We have therefore instructed our respective consuls-general<sup>5</sup> to use their influence to have agreement signed by municipal council and city government and then communicated to consular body and by them to Corps Diplomatique for information only.

Local Japanese support is of course essential to the working of the agreement but it is hoped to secure this by inclusion of Japanese in special police force.<sup>6</sup>

<sup>1</sup> No. 557. <sup>2</sup> A marginal note on the filed copy here reads: 'i.e. Greater Shanghai'.

<sup>3</sup> Mr. E. S. Cunningham; cf. No. 529, note 1.

<sup>4</sup> Regulations relating to the rights and duties of foreigners in the International Settlement at Shanghai had been issued at various times since the opening of Shanghai to foreign trade in 1843. For a brief history of these Land Regulations up to 1931, see the *Feetham Report*, Part II, chapters ii and iii. Any corrections, additions to, or questions as to the interpretation of the Regulations were settled by the foreign consuls and the local Chinese authorities subject, since 1854, to confirmation of any decision by the foreign diplomatic representatives and the Chinese Government.

<sup>5</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 635.

<sup>6</sup> Foreign Office telegram No. 162 of August 3 to Mr. Ingram said that his attitude was approved.

No. 570

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 8)*

*No. 413 [F 6599/1/10]*

Sir,

CHUZENJI, August 1, 1932

In my despatch No. 321<sup>1</sup> of June 21st last I had the honour to forward copy of a despatch from Dairen, in which Mr. Austin<sup>2</sup> gave the substance of

<sup>1</sup> Not printed.

<sup>2</sup> Mr. R. McP. Austin had been appointed H.M. Consul at Dairen in May 1932.



an agreement which was alleged to have been reached between the several Ministries of the Japanese Government regarding the unification of the organs of administration in Manchuria.

2. There has been much discussion of the subject in Tokyo and the question has figured almost daily in the vernacular press, but the upshot appears to be that the comprehensive schemes originally advocated for the simplification of the four-fold administration<sup>3</sup> have been reduced to considerably more modest proportions. I have heard it said, and I am prepared to believe that there is a great deal of truth in the report, that the modifications which have now been decided upon were prompted by objections from the Government of Manchukuo, who no doubt saw something sinister in the creation of a system resembling that of a Government-General headed by a Resident Commissioner; in the case of Korea the inauguration of a similar organisation was followed five years later by annexation.<sup>4</sup> On the occasion of his recent visit to this country Mr. Ting, Minister of Communications in the Manchukuo Government, was reported to have stated that any change in the present system of administration in Kwantung and the Railway Zone was unnecessary; and the return to Tokyo from Changchun of Mr. Tani, the Chief of the Asiatic Bureau of the Foreign Office, was immediately followed by the publication of a so-called Tani plan, which was a considerable simplification of the original proposals.

3. The principal features of the scheme which is now reported to have been approved by the Cabinet are (1) the appointment of an Ambassador Extraordinary and Plenipotentiary to Manchuria, who shall be at the same time Commander-in-Chief of the Kwantung Army and Governor of Kwantung (2) no special change to be made in the organisation of the Government of Kwantung (3) the Ambassador to be under the jurisdiction of the Minister for Foreign Affairs, and to control the Consular Service in Manchuria (4) the Ambassador to have a staff attached to him. No mention has so far been made of any change in the status of the South Manchuria Railway.

4. The newspapers have published reports, clearly emanating from the Information Bureau of the Ministry for Foreign Affairs, stating that, in reply to enquiries which he had made with regard to the nature of the appointment of an Envoy Extraordinary to Manchuria, the Chinese Minister was informed by Count Uchida that the Envoy would not carry credentials to the Government of Changchun. Further, the appointment was being made in accordance with an Ordinance promulgated in 1917, when Viscount Ishii was sent as Ambassador on a Special Mission to the United States.<sup>5</sup> Another precedent which has frequently been cited during the past few weeks is that of the appointment of Mr. Tsunetada Kato as Special

<sup>3</sup> See No. 272, note 3.

<sup>4</sup> In 1905 Prince Ito had been appointed Japan's first Resident-General in Korea; in 1910, after Prince Ito's murder in October 1909, Korea was annexed to the Japanese Empire.

<sup>5</sup> At the time of the negotiation of the Ishii-Lansing agreement of November 2, 1917; see *B.F.S.P.*, vol. 111, pp. 696-702.

Envoy to Omsk at the time of the setting up of an independent Government by Admiral Koltchak.<sup>6</sup> The spokesman at the Ministry for Foreign Affairs told Press correspondents that although, according to some interpretations, the despatch of an Ambassador on a Special Mission implies that Japan recognises Manchukuo as a quasi-state, it does not in itself mean the formal recognition of the Government. The name of the envoy, he said, would not appear on the Foreign Office list of diplomatic representatives abroad. China had no legal grounds for a protest to Japan, and in any case the Japanese Government hold that recognition of Manchukuo and the appointment of an accredited Envoy is of no concern to Nanking.

5. The name most prominently mentioned in connection with the new appointment is that of General Nobuyoshi Muto, former Director-General of Military Training, whose resignation from that post following the outrages of Sunday May 15th was reported in my despatch No. 300<sup>7</sup> of the 7th June. As members of his staff several officials are mentioned including Mr. Tani, the Director of the Asiatic Bureau of the Foreign Office; Mr. Shiratori, Director of the Information Bureau; Mr. Horiuchi, Consul-General at New York; and Mr. Kuwashima, Consul-General at Tientsin. The Gazette has not yet published any official notice regarding the creation of a new organisation, or of any appointments, but when these appear I shall not fail to send you a further report.

6. A copy of this despatch has been sent to His Majesty's Chargé d'Affaires at Peking and His Majesty's Consul at Dairen.

I have, &c.,

(for His Majesty's Ambassador)

ALVARY GASCOIGNE

P.S. Since the above despatch was drafted I have had an opportunity of discussing this subject with the Vice-Minister for Foreign Affairs, as reported in my telegram No. 319<sup>8</sup> of August 2nd. There is nothing which I can add to the information contained therein except that it is expected that the official announcement of the appointment of General Muto will be made on or about August 8th.

<sup>6</sup> For the Omsk Government, see First Series, Volume III, Chapter II (e.g. pp. 357, 362).

<sup>7</sup> Not printed. For the attack on Mr. Inukai, the Japanese Prime Minister, on May 15, see Nos. 347-8.

<sup>8</sup> No. 576 below.

## No. 571

*Mr. Ingram (Peking) to Sir J. Simon (Received September 21)*

*No. 965 [F 6848/7/10]*

PEKING, August 1, 1932

Sir,

It will have been seen from some of the recent despatches from His Majesty's Consul-General at Chungking, copies of which I have had the

honour to transmit to you,<sup>1</sup> that trouble has once again broken out between the Chinese and Tibetans in the Hsikang area. It is somewhat difficult to disentangle the facts, but, so far as I can learn, there is no new factor in the situation, which is compounded now, as it has been for years past, of the following three elements: (1) The boundary dispute between China and Tibet, (2) the personal rivalry between the Dalai and the Panchan Lamas, and (3) the long-standing feud between the two monasteries of Ta Chieh and Pai Ju in the Kanze district.

2. It will be recalled that, the Ta Chieh Monastery having invoked the assistance of the Dalai Lama, a small force of Tibetan troops was sent to garrison it at the end of 1930 or the beginning of 1931. The Pai Ju Monastery, on its side, appealed to the Central Government and the Provincial Government of Szechuen for help, the appeal being supported by the Panchan Lama, who went to Nanking in person for that purpose. The Central Government, in spite of the physical difficulties of the situation, considered it necessary to do something to curb the pretensions of the Tibetans, who were encroaching more and more on Hsikang territory and were now in occupation of a considerable area to the East of the 'Teichman line,' or provisional boundary of 1918.<sup>2</sup> Attempts made by the Chinese troops to drive out the Tibetan forces ended in disaster, it being stated that the Lhasa forces were superior both in strength and equipment to the Chinese. Kanze fell to the Tibetans in March 1931. A truce was arranged at this point through intermediaries, and the Chinese withdrew to Drangu (Lu Ho Hsien) and the Tibetans to Pai Ju.

3. The Central Government now appointed a member of its Mongolian and Tibetan Committee, T'ang Ko-san, to mediate in the Ta Chieh-Pai Ju quarrel, while the Dalai Lama sent as his representative one Churrom Dapon, and as a first step withdrew all the Tibetan forces to Rongbatsa, i.e., to the provisional boundary of 1918. The negotiations hung fire for five months, but eventually in November a *modus vivendi* was reached, the terms of which were quoted in Mr. Stark Toller's despatch No. 7 of the 25th January, 1932.<sup>1</sup> The agreement left the dispute between the two monasteries to be settled by the Churrom Dapon, as representing the ecclesiastical authorities and provided that not only at Kanze, but also at Chantui, Dawa and Drangu, *both* Tibet and China might maintain garrisons. This amounted to a diplomatic defeat for China, it being explained in the semi-official utterances of the Chinese Government on the subject that the Tibetan question had to be left temporarily in abeyance pending a settlement of the Sino-Japanese dispute, but that when China had finished with the Japanese she would again turn her attention to Tibet.

4. The truce was of short duration and hostilities broke out again in April. Who was to blame it is impossible to say, but the Chinese averred that the Tibetans were in an arrogant and insolent state of mind and were determined to fight and occupy the whole of the area which is ethnologically Tibetan, namely, down to Gada (Tailing), Batang and Litang. However

<sup>1</sup> Not printed.

<sup>2</sup> Cf. First Series, Volume VI, No. 420, note 4.

this may be, it seems that it was the Chinese who renewed the offensive, for the Tibetan garrison[? s] were driven out of Kanze and Chantui, and these towns were reoccupied by a detachment of the Szechuen-Tibet Frontier Force under Brigadier-General Yü Sung-lin early in May. According to Chinese reports, several guns of British manufacture were taken from the Tibetans in the course of these operations. From Kanze the Chinese pushed on, occupied the Tachin Monastery (which had been in the hands of the Tibetans since 1913) and Jungpa in June, and according to the latest reports they have captured Yilung and Paiyu and are still following up the Tibetans who are falling back on Teko (De-ge Gonchen), 150 miles west of Kanze. The Chinese have not had it all their own way for General Liu Wen-hui (the Governor of Szechuen and Commander-in-Chief of the Frontier Force) in a report to the Government stated that he had lost more than 2,000 killed in the successive battles with the Tibetans. He added that the latter had rushed 20 newly-trained Tai-pen (battalions) to Teko in readiness for a counter-attack.

5. Fighting also broke out further north between the Tibetans and Kokonor Provincial forces. According to a recent Kuomin News Agency report the Tibetans, smarting at the defeat they had suffered at the hands of the Szechuen-Hsikang forces, took their revenge by launching a heavy attack on Kokonor troops under General Ma Pu-fang near Yu Shu (in the South West of Kokonor) in the middle of July, and captured two towns in that neighbourhood. Here again it is very doubtful who were the aggressors, for the Chinese press had reported more than a month earlier that, in response to instructions from the Central Government that the Kokonor forces were to join the Szechuen forces in a combined attack on Chamdo, a brigade of Kokonor troops had been sent forward from Jyekundo (Chieh Ku) and had come into conflict with Tibetan forces, being compelled, after a preliminary success, to withdraw and wait for reinforcements.

6. It may be mentioned, in passing, that General Ma Pu-fang, the Mahommedan Governor of Kokonor, is well spoken of by travellers. He is said to have a disciplined and well-equipped little army, to be keeping down banditry to reasonable proportions and to be building roads in all directions. It is said that the Tibetans are watching his road-making schemes with great uneasiness as they seem to point a dagger at the heart of Tibet from an unexpected direction. What is certain is that the Tibetans cannot but feel resentful when they see a huge slice of Tibetan territory arbitrarily lopped off, turned into a Chinese province and opened up by Chinese for the benefit of Chinese.

7. A third area in which the Chinese and Tibetans have come into conflict is the Batang district in the South of Hsikang. The conflict however is not directly connected with the hostilities further north. A certain Ko-sang-tse-jen (Wang Tien-chieh), a native of Batang, who had apparently succeeded in passing himself off at Nanking as Hsikang delegate to the Kuomintang Conference, returned to Batang in February of this year as Special Commissioner from the Central Government for the purpose of organising the new

Province. He was not received with any favour by the local authorities, who belonged to Liu Wen-hui's Szechuen-Tibet Frontier Force, and it was rumoured that they were planning to seize and execute him. Ko-sang-tse-jen however took action first and, apparently with assistance from the Gonka Lama from a neighbouring monastery, succeeded in arresting the two principal officers of the Frontier Force at Batang in the night of February 26th and in disarming their troops. For some reason or another—probably because he was preoccupied with the more serious situation further north—Liu Wen-hui took no steps to deal with Ko-sang-tse-jen, who established himself at Batang and extended his authority as far as Tsakalo (Yenching) almost on the Yunnan frontier. But in the process he fell out with his friend the Gonka Lama. Learning that the latter was conspiring with a certain Chinese commander to expel him from Batang, Ko-sang-tse-jen early in May took the initiative and sent a mixed force of Chinese and tribal levies to attack the monastery. Gonka Lama in terror of his life fled for refuge to the Markam Gartok monastery, the head of which—one of the most powerful rulers in Eastern Tibet—agreed to help him, with the result that Ko-sang-tse-jen's expedition was defeated and driven back to Batang. The pursuing Tibetans in their turn made a determined effort to capture Batang but were eventually driven off with considerable loss. Since that date nothing has been reported but occasional skirmishes in the neighbourhood of the town. Ko-sang-tse-jen, much shaken by this experience, has tendered his allegiance to Liu Wen-hui and is reported to be holding Batang now only until he can hand it over to Liu's representative.

8. These frontier skirmishes, for they are little more, would hardly deserve recording were it not that they have received considerable attention in the Chinese press and have led to urgent requests addressed by the Dalai Lama to the Indian Government for the supply of arms and ammunition. It is possibly due to a shortage of arms that the Tibetans have been forced to withdraw in Hsikang, but as on the other hand the Chinese themselves are very poorly equipped it seems unlikely that they will attempt to push further westward than De-ge, even if they get that far. The campaign has to be carried out entirely by the Szechuen Provincial authorities, who can expect no help from the Central Government. The latter's only contribution to the problem is to send pacification Commissioners who either never reach their destination or, when they do, find the situation too much for them.

9. While fighting has been in progress the decade-old quarrels between the Dalai and Panchan Lamas have broken out anew, each accusing the other, in lengthy memorials to the Nanking Government, of responsibility for the frontier troubles. In his memorial, the Dalai Lama first gave an historical survey of his relations with the Panchan Lama and then went on to say that the latter had conspired with Shih Ching-yang (one of Nanking's Commissioners) for the military conquest of Tibet. He affirmed his own loyalty to the Chinese Government and said that all reports to the contrary were merely the propaganda of his enemy. The Panchan Lama in reply gave his own story of the relations between himself and the Dalai Lama and charged the

latter with unlawful acts under ten headings of which the most important are the following: taking advantage of the 1911 revolution to drive the Chinese Amban<sup>3</sup> from Lhasa; entering into secret agreements with the British; selling mines to foreign enterprises; suppressing pro-Chinese monasteries; and launching the attack on Hsikang and Chinghai (Kokonor) for his own aggrandisement.

10. References to secret treaties and to support actively rendered by the British to the Tibetan aggression are of course common form and are regularly exploited by the Chinese press. They do not appear however to be having any ill-effect and it is doubtful whether they are seriously believed by the newspaper-reading public. That the Chinese Government is aware that there are some negotiations on foot for the supply of arms by India to the Dalai Lama is however shown by their request that the Government of India should refuse to consider the latter's request (see Mr. Holman's telegram to me No. 280<sup>4</sup> of July 25th) and it seems desirable, in the interests of Sino-British relations, that we should avoid, if possible, giving any handle for accusations that we are supporting the Tibetans against their suzerain, China.<sup>5</sup>

I have, &c.,  
E. M. B. INGRAM<sup>6</sup>

<sup>3</sup> i.e. the representative of the Chinese Government.

<sup>4</sup> This telegram, repeated to the Foreign Office in Peking telegram No. 507 of July 27, is not preserved in Foreign Office archives.

<sup>5</sup> The following 'Note on some Place Names mentioned in this despatch' was attached to the filed copy:

'A number of the places mentioned do not appear in the standard atlases, but most of them are shown on Teichman's map accompanying his book "Travels in Eastern Tibet".

'The two monasteries Tachieh and Pajiu are between Rongbatsa and Kanze and appear on the map as Darje Gomba and Beri Gomba. They appear in the Sikkim and Nepal reports with various spellings, as Targye, Behru, &c. (N.B. The reference to the monasteries of Riwoche and Ghantsi in Sikkim News Report of May 25 must be a mistake, as Riwoche is well over 200 miles from Ghantsi (Kanze) as the crow flies).

'Chantui does not appear on Teichman's map but appears to be identical with Nyarong, south of Kanze.

'Drangu (or Changku) and Dawu (Taofu) are on the Tachienlu-Kanze road which runs along the She Chu valley.

'Yilung is on the main road north-west of Rongbatsa.

'De-ge = Derge: Teko = Kengching.

'Tachin and Jungpa have not been identified.

'Paiyü-Beyü on the Chinsha south of De-ge.'

<sup>6</sup> Mr. Orde minuted on this despatch as follows: 'Interesting as a connected account of what has been happening. The Tibetans appear to have encroached far beyond the provisional frontier of 1918 (itself more favourable to them than the boundary of Outer Tibet offered by the Chinese in 1919 or than that laid down in the Convention of 1914 which the Chinese refused to accept) [cf. First Series, Volume VI, No. 420, note 4]. The Chinese subsequently drove the Tibetans back beyond the 1918 frontier but not quite so far as the boundaries proposed in 1914 or 1919. That appears to be the present position. It means that the Chinese are not yet beyond the frontier which we regard as reasonable and which the Tibetans would probably in a sober mind accept, perhaps with relief. Mr. Ingram seems to dismiss the fighting too lightly as unimportant frontier skirmishing. C. W. O. 25/9.'

*Mr. Ingram (Peking) to Sir J. Simon (Received October 4)**No. 1068 [F 7156/1/10]*

Sir,

PEKING, August 1, 1932

With reference to Mr. Holman's despatch No. 504<sup>1</sup> of May 3rd, I have the honour to report as follows on the activities of the League of Nations Commission of Enquiry, from the date of their leaving Peking for Manchuria on April 19th up to the time of their departure on June 28th on their second visit to Tokyo.

2. As reported in Mukden despatches No. 57<sup>2</sup> of April 25th and No. 60<sup>2</sup> of May 3rd, the Commission arrived there on April 21st. It was their original intention to go on thence within a few days to Changchun and Harbin, but the issue by the Manchukuo authorities of a warrant for the arrest of the Chinese Assessor, Dr. Wellington Koo, should he venture out of the Japanese Railway Settlement and their continued refusal to allow him to accompany the Commission on their journey north, caused their departure to be delayed for some days.<sup>3</sup> Finally as a result of prolonged negotiations, the Manchukuo authorities consented to lift the embargo on Dr. Koo's movements provided that the Chinese Assessor's party was reduced in size. On these terms the Commission accompanied by Dr. Koo left for Changchun on May 2nd,<sup>4</sup> after having taken advantage of their prolonged stay in Mukden to draw up and telegraph to Geneva, on April 30th, their preliminary report on conditions in Manchuria.

3. After visits to Changchun where, I understand, they interviewed the ex-Emperor Pu Yi, now Chief Executive of the State, and other prominent Manchukuo and Japanese officials, and to Kirin, the Commission reached Harbin on May 9th. On arrival they found conditions in Heilungkiang too disturbed to permit of their pursuing their investigations further afield, and as reported in Legation telegram No. 295<sup>2</sup> of May 26th, in the face of a formal warning from the Japanese military authorities that it was unsafe to travel to Tsitsihar by the Chinese Eastern Railway, the main body of the Commission returned to Mukden on May 21st. A few members however flew to Tsitsihar by aeroplane, and after a brief stay there made their way back to Mukden by the Taonan-Ssupinghai Railway.

4. After a flying visit to Dairen which afforded Lord Lytton an opportunity for having an interview with His Majesty's Minister, when the latter passed through there on May 26th, on his way back to England, the Commission, as reported in my telegram No. 320<sup>2</sup> of June 6th, left Mukden on June 4th for Peking, which was reached the following evening. During their stay in Peking Lord Lytton and his secretary, Mr. Astor, were my guests at the Legation.

5. On arrival here Lord Lytton, as reported in my telegram No. 321<sup>5</sup> of

<sup>1</sup> This despatch, reporting the League of Nations Commission of Enquiry's activities in Peking April 9-19, is not printed.

<sup>2</sup> Cf. Nos. 206, note 5, 207, and 218.

<sup>4</sup> Cf. No. 299.

<sup>2</sup> Not printed.

<sup>5</sup> No. 401.

June 7th, informed me that he was perturbed by the situation he had found prevailing at Shanhaikuan when he passed through there on his way from Mukden. There were Chinese and Japanese troops there in close proximity, and each side was accusing the other of acting in a provocative manner. Lord Lytton felt that this state of affairs might at any time give rise to a serious incident, and he had accordingly suggested to Dr. Koo that the Chinese Government should endeavour to eliminate this danger by effecting a direct settlement of the points at issue with the Japanese. So far as I was aware, Sino-Japanese tension at Shanhaikuan was no more serious than it had been at any time during the past four months, but, in view of Lord Lytton's remarks, I instructed the Military Attaché to despatch a language officer to Shanhaikuan to enquire into and report on the situation. As a result of the latter's investigations, it was established that the situation had recently improved, and I was able, in my telegram No. 347<sup>6</sup> of June 17th, to report to you that while possibilities of trouble did exist, there was no particular reason to anticipate a clash at the moment.

6. Soon after the return of the Commission it became clear from public utterances of Lord Lytton and of Dr. Koo that the work of investigation had been subjected to a certain degree of obstruction and interference on the part of the Manchukuo authorities. Lord Lytton, in an interview with Reuter's correspondent, while paying tribute to the courtesies and facilities extended to the Commission during their visit to Manchuria, stated that certain difficulties had been caused by 'other individuals' but that 'patience and personal consultations had resulted in smoothing things out'; while Dr. Koo in a public statement declared that it had been impossible, owing to the restraint placed upon the Chinese Assessor and his delegation, for them to receive certain Chinese witnesses whom they would have liked to present to the Commission, or for them to collect as much information as they had hoped it would be possible to obtain. The truth is that every effort was made to render Dr. Koo's position as difficult and undignified as possible. The Manchukuo authorities seemed to apprehend that he would use his position as accompanying the Commission for purposes of active propaganda against the new State and that he was the bearer of funds for distribution among anti-Manchukuo elements in the Three Eastern Provinces. It only remains to be said that Dr. Koo won the gratitude as well as admiration of the Commission for the tact he displayed in these trying circumstances and the manner in which he subordinated his personal convenience—sometimes even his safety—to the smooth working of the Commission's programme. In this connection I understand that in several Manchurian towns visited by the Commission the local population was undoubtedly prevented by intimidation from testifying, and that evidence hostile to the new régime was only secured with great difficulty and in strict secrecy. Throughout their stay in Manchuria they were subjected, under the guise of measures for their protection, to a form of espionage over their movements, correspondence and visitors, which was as unwelcome as it appeared to be unwarranted.

<sup>6</sup> See *ibid.*, note 5.



7. The Commission had at one time contemplated proceeding to Peitaiho on their return from Manchuria and drawing up the main portion of their final report there. This idea was however not welcomed by the Japanese who, as described in the minute of an interview which I had with Lord Lytton on June 6th, copy of which was enclosed in my despatch No. 673<sup>7</sup> of June 9th, strongly pressed the Commission to proceed to Tsingtao instead. On the return journey from Mukden to Peking the Commission inspected Peitaiho and decided that on the whole it was unsuitable for their purpose and that it would be preferable to complete the report in Peking where they would have ready access to archives, &c. This view was confirmed by a short visit which Lord Lytton, accompanied by his Italian and German colleagues, and by Dr. Koo, paid to Tsingtao on June 9th-10th; on his return to Peking, on June 12th Lord Lytton announced that the Commission had relinquished the idea of completing the Report anywhere else but here. I should perhaps add in this connection that Lord Lytton informed me in confidence that he and his colleagues were so annoyed at the pressure brought to bear on them by the Japanese against Peitaiho that they had firmly made up their minds in no case to select the Japanese alternative of Tsingtao. Their visit to the latter place was in fact a mere device to enable them after a personal inspection of both Peitaiho and Tsingtao to reject both as unsuited to their requirements, an attitude they would have had some difficulty in maintaining if they had not so much as visited the latter.

8. After the visit to Tsingtao, Dr. Koo parted company with Lord Lytton at Tsinan and proceeded to Kuling to participate in the political conference which was in session there. He returned to Peking on June 18th, in Marshal Chang Hsueh-liang's private aeroplane, bringing with him Mr. Wang Ching-wei, President of the Executive Yuan, Dr. Lo Wen-kan, Minister for Foreign Affairs, Dr. T. V. Soong, Minister of Finance and Mr. Tsang Chung-min, Vice-Minister of Railways. During their three days' stay in Peking the time of these Ministers was, I understand, fully occupied in discussing the Manchurian situation with the Commission and with Marshal Chang Hsueh-liang. Dr. Soong nevertheless found time to pay a lengthy visit to me on June 19th during the course of which we discussed, as reported in my telegrams No. 352<sup>8</sup> of June 19th and No. 353<sup>8</sup> of June 20th, the question of the Manchurian Customs, and the general political situation in China.

9. Meanwhile, fresh difficulties arose regarding the Commission's impending visit to Japan. As reported in my telegram No. 358<sup>9</sup> of June 21st, they had originally arranged to leave that day for Tokyo, but on the eve of their departure the Japanese Assessor intimated to Lord Lytton that his Government would be unable to discuss any outstanding questions with the Commission before July 7th. Lord Lytton at first feared that this new development foreshadowed a move on the part of the Japanese Government to recognise the new régime in Manchuria within the next few days, and thus confront the Commission with a *fait accompli* on their arrival in Japan; and it

<sup>7</sup> Not printed.

<sup>8</sup> Nos. 429 and 430 respectively.

<sup>9</sup> No. 443.

was with considerable relief that he learnt from Tokyo telegram to Foreign Office No. 265<sup>10</sup> of June 22nd, the substance of which I communicated to him, that the real reason for the delay probably lay in the fact that the newly appointed Minister for Foreign Affairs, Count Uchida, was unable to assume office before July 5th.

10. One further difficulty now remained to be solved before the Commission's departure for Japan, namely the question of Dr. Koo accompanying it. It had been tentatively arranged that he should do so, but the Japanese Government now intimated in an indirect manner that his presence in Japan would not be welcome. At the same time an obviously inspired message from Tokyo appeared in the press on June 16th, stating that the Japanese Government would prefer that he did not accompany the Commission to Japan, since the Ministry of the Interior was seriously perturbed over the question of protecting him while on Japanese soil from the possible attacks of fanatical reactionaries. In the face of these plain hints, Dr. Koo was tactful enough to fall a victim to influenza, thereby precluding all idea of his travelling with the Commission which was thus able without encountering further difficulties, to leave for Japan on June 28th travelling via Mukden and Seoul.

11. Before concluding this despatch, mention should perhaps be made of the vexed question of affording members of the Commission or of its Secretariat access to the archives of this Legation. On the eve of his departure for Tokyo, Lord Lytton approached me with a request that I should obtain His Majesty's Government's permission to show to certain foreign experts attached to the Commission, a number of extracts from various Annual Reports of this Mission, and the report compiled by the former Military Attaché on the incident of September 18th near Mukden, which was the genesis of the present Sino-Japanese dispute. I referred the matter to you in my telegram No. 423<sup>11</sup> of July 1st, and I in due course received your telegram No. 136<sup>12</sup> of July 9th in reply, informing me that, in view of the risk of an awkward precedent being created, and of His Majesty's Government being considered responsible for the contents of the Commission Report which is now in preparation, you were reluctant to agree to Lord Lytton's request, but that if he really wished to press the point, you would be prepared to reconsider the matter so far as Annual Reports were concerned, on receipt of a complete list of the extracts in question. The Military Attaché's report however, which might be regarded as biased, could not in any case be used. By this time, the Commission had reached Tokyo, and I therefore telegraphed your ruling on to His Majesty's Ambassador there with a request that he would be good enough to communicate it to Lord Lytton. I understand that he duly did so, and I presume that Lord Lytton does not desire to press the point, since he has not up till now reverted to the matter.

12. During this second visit of the Commission to Peking their time was occupied partly in drawing up the skeleton of their eventual report and partly in deliberating on the policy they should adopt when confronting the new

<sup>10</sup> No. 441.

<sup>11</sup> No. 497.

<sup>12</sup> No. 521.

Japanese Government in Tokyo. The members of the Commission maintained a discreet silence on both subjects but, in private conversation Lord Lytton was good enough to discuss the latter problem with me at some length. In his despatch No. 375<sup>13</sup> of July 16th, His Majesty's Ambassador at Tokyo describes the lines which the Commission eventually took in the matter, so it becomes unnecessary for me to dwell further on the point.<sup>14</sup>

I have, &c.,

E. M. B. INGRAM

<sup>13</sup> No. 533.

<sup>14</sup> Sir J. Pratt commented in a minute of October 12 on this despatch: 'As usual the Japanese do everything possible to alienate sympathy while the Chinese show up very well.'

### No. 573

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 2, 9.30 a.m.)*

*No. 315 Telegraphic [F 5888/1108/10]*

TOKYO, August 2, 1932, 1.25 p.m.

Mr. Ingram's telegram No. 516.<sup>1</sup>

Although I still consider it inadvisable to ask Japanese government beforehand what class of claims they will be prepared to consider I agree with Mr. Ingram that it is useless to prepare claims which His Majesty's Government are not prepared to press and which Japanese government are sure to refuse.

Repeated to Peking.

<sup>1</sup> No. 566.

### No. 574

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 2, 10.45 a.m.)*

*No. 316 Telegraphic [F 5894/2362/10]*

TOKYO, August 2, 1932, 2.25 p.m.

Your telegrams Nos. 114 and 115.<sup>1</sup>

I drew serious attention of Vice Minister for Foreign Affairs on July 15th to cases of this kind without mentioning that reported in your despatch No. 294.<sup>2</sup> see my despatch No. 376.<sup>3</sup>

On receipt of your telegrams under reference I came down from Chuzenji yesterday and left memorandum with Vice Minister for Foreign Affairs today. After reminding him of our last conversation I set out arguments used in your despatch No. 294<sup>2</sup> and added that apart from these it was very unfriendly of Japanese Advisers to act in a way which would never occur in any British territory even where no treaty rights were involved. Vice Minister for Foreign Affairs refused to admit that there was any breach of Treaty rights since Japanese Government was in no way involved. At the

<sup>1</sup> Nos. 563 and 564 respectively.

<sup>2</sup> No. 240.

<sup>3</sup> No. 532.

same time he deplored action complained of. Mr. Komai<sup>4</sup> was now in Tokyo and had called on Vice Minister for Foreign Affairs who had brought new<sup>5</sup> complaint of July 15th unofficially to his notice. Mr. Komai had assured Vice Minister for Foreign Affairs that discrimination against foreigners was against the policy of Manchukuo Government which desired to encourage them. Vice Minister for Foreign Affairs would bring this new case unofficially to the notice of Monsieur Komai.

I said it was difficult to believe that discrimination would continue if the highest Japanese authorities in Manchuria let it be known that they thoroughly disapproved. If new policy had not been actually signed I trusted that the old one would be renewed in this particular case.

Repeated to Peking.

<sup>4</sup> See *ibid.*, note 3.

<sup>5</sup> It is suggested on the filed copy that this word should read 'my'.

#### No. 575

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 2, 10.45 a.m.)*

*No. 318 Telegraphic [F 5890/1/10]*

TOKYO, August 2, 1932, 4.50 p.m.

Mr. Ingram's telegram No. 517.<sup>1</sup>

Our information leads us to believe that Japanese wish to avoid complication in Jehol at any rate for the present.

Repeated to Peking.

<sup>1</sup> No. 568.

#### No. 576

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 2, 12.10 p.m.)*

*No. 319 Telegraphic [F 5895/1/10]*

TOKYO, August 2, 1932, 5 p.m.

My despatch No. 303,<sup>1</sup> last paragraph.

Vice Minister for Foreign Affairs informed me this morning that General Muto would shortly be appointed Chief of all Japanese Administration in Manchuria. He will be Commander-in-Chief of all Japanese troops with General Koiso as Chief of Staff he would also be Governor of Kuantung and as such would exercise general supervision of South Manchurian Railway further he would be Chief of all Japanese Consular Officers and police.

General Muto would have no credentials to Manchukuo Government and would communicate with them and with foreign Consuls officially through Japanese Consuls.

<sup>1</sup> No. 403.

Though his functions are those of a High Commissioner his official title is the same as that given to Mr. Kato when sent to Omsk during Kolchak period and to Viscount Ishii when sent to Washington at the time of Ishii Lansing agreement.<sup>2</sup>

Repeated to Peking and Dairen.

<sup>2</sup> See No. 570, notes 5 and 6.

### No. 577

*Mr. Ingram (Peking) to Sir J. Simon (Received August 2, 7.30 p.m.)*

*No. 525 Telegraphic: by wireless [F 5915/2/10]*

PEKING, August 2, 1932

Having seen a Reuter telegram dated July 26th to the effect that owing to seizure of Manchurian customs the July receipts were taels 3 million 700 thousand short of covering customs commitments for that month<sup>1</sup> I asked His Majesty's Consul General at Shanghai if he could confirm this announcement and if there was any truth in rumour of probable defaults on customs loans.

2. I have now received following reply (begins). 'Addressed to Peking No. 201, repeated to Mission.

Your telegram No. 209.

Statement of July 26th as to customs revenue is confirmed by Inspector General of Customs.

Minister of Finance has just obtained loan of 4 million dollars from Chinese banks to enable payment of July instalment of 8 million 600 thousand dollars for internal loan service.

Foreign obligations are still accorded priority and there is no immediate likelihood of default except Japanese . . .<sup>2</sup> payment of which is being deferred.

New customs duties reported from Nanking today will be enforced presently but there is some hitch and actual date has not yet been decided. (Ends)'.  
(Ends)'.  
3. I will telegraph later regarding customs duties referred to above.

Repeated to Peking copy to Mission and Shanghai.

<sup>1</sup> For a summary of the statement released by the Chinese Minister of Finance on July 26 see *F.R.U.S.* 1932, vol. iv, p. 187.

<sup>2</sup> The text is here uncertain. It is suggested on the filed copy that the passage should read: 'except on Japanese Boxer'.

*Mr. Ingram (Peking) to Sir J. Simon (Received August 2, 9.30 p.m.)*  
*No. 527 Telegraphic: by wireless [F 5927/65/10]*

PEKING, August 2, 1932

Your telegram No. 157.<sup>1</sup>

Reports have appeared in press to the effect that Ministry of Justice has question of revision of district court agreement under consideration and will probably press for revision on following lines . . .<sup>2</sup> police and prisons to be placed under complete control of court and exclusion of foreign lawyers.

I discussed court question with United States Minister on July 30th<sup>3</sup> and we both agree with view expressed by Sir M. Lampson in his letter<sup>4</sup> of May 23rd to Sir V. Wellesley and now by State Department that wisest course would be to have present agreement extended. If Chinese are working on the matter it seems likely that they may before sending out a formal invitation to a conference broach the subject to our representatives in Nanking. We agreed that latter should know the line we wished them to adopt in this event which is substantially that suggested in penultimate paragraph of memorandum<sup>5</sup> enclosed in Sir M. Lampson's letter referred to above. I was about to draft instructions for us to send *mutatus mutandus* [*sic*] to Mr. Holman and Mr. Peake<sup>6</sup> when I received your telegram under reference and I have told my United States colleague that I propose to suspend action until I hear further from you.

I am however asking His Majesty's Consul General for his considered views in the light of the present conditions.

<sup>1</sup> No. 565.

<sup>2</sup> The text is here uncertain.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 640.

<sup>4</sup> Not printed.

<sup>5</sup> This memorandum of May 22 on the Shanghai District Court had been compiled, at Sir M. Lampson's request, by Mr. Blackburn, Acting Chinese Secretary in H.M. Legation, Peking. The penultimate paragraph read: '*Vis-à-vis* our own people and the Council I think the line to take is to let them know privately that you are not prepared to support any internationalisation scheme, which you regard as impossible of attainment without resort to force, and that the advantages of revision are immeasurably outweighed by the disadvantages, but that you are making and will continue to make such representations as you think may lead to a general toning up of the work of the Court. *Vis-à-vis* the Chinese Government I think the line to take is to point to the publicly expressed dissatisfaction with the Court (speeches of Chairman of Council and Chairman of General Chamber of Commerce etc.) and say that nevertheless you feel nothing is to be gained by reopening the question for the Court while much is to be gained by continuity etc. You would therefore much prefer quietly and inconspicuously to agree to an extension of the agreement for a further period of one, two or three years, and trust to friendly representations to secure an improvement in the working of the Courts; but if the Chinese insisted on reopening the question you would of course have to press for the introduction of such safeguards as would meet the criticisms which were directed against the Courts.'

<sup>6</sup> A marginal note on the filed copy suggests that the reference is to Mr. Peck, U.S. Consul-General at Nanking.

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 678 [F 5756/1/10]*

FOREIGN OFFICE, August 2, 1932

Sir,

I have received Sir Miles Lampson's despatch No. 551<sup>1</sup> (1009/3C/1932) of the 14 May 1932, requesting instructions as to the treatment of British industrial enterprises established in China using raw or semi-manufactured material of non-British origin and also British firms importing non-British goods for sale in China.

2. It has now been decided, after consultation with the Board of Trade, that the principle hitherto laid down in such cases, as stated in Sir John Brenan's despatch to you No. 180<sup>2</sup> of May 2nd, should continue to be followed, namely that assistance can properly be given to any business which contains a substantial British interest, either on account of the British capital invested in the concern or because in some way it promotes trade between the British Empire and China, but that protection should be refused to companies which can only claim a technical British nationality under the Companies Law but contain no genuine British interest.

3. In arriving at this conclusion, I have had in view the fact that British business houses in China are entitled to look for more diplomatic protection owing to the peculiar conditions there and to the existence of extraterritoriality. While, therefore, diplomatic action could not be advised in favour of the admission of foreign goods in an ordinary country, I agree that all *bona fide* British firms in China should receive diplomatic support subject to the proviso given in paragraph 2 above.

4. As regards the China Printing and Finishing Company Limited, you should, in communicating the above decision to His Majesty's Consul-General at Shanghai, at the same time inform him that the action taken by him in the case of that company is approved in view of the British capital and substantial British interest involved. In general, however, His Majesty's Consular officers should, when they think such action appropriate, urge upon British firms which are obtaining diplomatic support the desirability of using every endeavour to promote the export trade of the United Kingdom to China.

I am, &c.,  
(For the Secretary of State),  
DOUGLAS MACKILLOP

<sup>1</sup> No. 345.

<sup>2</sup> See *ibid.*, note 2.

*Mr. Ingram (Peking) to Sir J. Simon (Received September 17)*

No. 972 [F 6780/451/10]

PEKING, August 2, 1932

His Majesty's Chargé d'Affaires, Peking, presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and transmits herewith three copies of the undermentioned paper.

*Name and Date*

*Subject*

From Sir F. Maze. Memorandum<sup>1</sup>  
of 21.7.32.

Manchurian Customs

ENCLOSURE IN No. 580

SHANGHAI, July 21, 1932

*The Seizure of the Chinese Maritime Customs Establishment in Manchuria*

One of the first acts of the 'Northeastern Administrative Committee', the controlling body of the so-called 'Manchukuo Government', which was formally established on 17th February, 1932, was to notify the Superintendents of Customs at the Manchurian treaty ports that the Customs belonged to Manchukuo, and would, in future, be under the control of the Northeastern Administrative Committee. At the same time, the Superintendents and Commissioners of Customs were instructed to carry on their duties as usual, and were informed that a Japanese Customs Adviser had been appointed to each Manchurian port for the purpose of supervising the general Customs administration. The following brief account is intended to show the steps by which the Manchukuo Government first immobilised the Customs revenue, then seized the Customs funds accumulated in the several banks of collection and deposit, and finally, by *force majeure*, ejected the lawful Commissioners of Customs and took forcible possession of the Chinese Customs Administration.

2. The ports concerned, with the 1931 revenue collected at each, are as follows:—

	Haikwan taels.
Lungchingsun . . . . .	574,000
Antung . . . . .	3,682,000
Newchwang . . . . .	5,792,000
Harbin . . . . .	5,272,000

The Manchurian port of Aigun, which is outside the sphere of control of the Manchukuo Government, has not been affected, and is still functioning

<sup>1</sup> This memorandum is printed in the *British Chamber of Commerce Journal* (Shanghai, August 1932), pp. 211-13, and summarized in *The Times*, August 9, p. 9.



normally under the control of the Chinese Government. The immobilisation of the Chinese Customs revenue at Dairen, and the introduction of a Manchukuo Customs Administration at that port, are dealt with separately, and form a special section at the end of the Memorandum.

*Lungchingsun*: Mr. A. G. Wallas, Acting Commissioner (British).

During the second week of March, the Superintendent of Customs at Lungchingsun notified the Commissioner that the Northeastern Administrative Committee had appointed a Japanese Adviser to the Customs with whom all Customs questions were to be discussed.

Drastic action against the Customs was, however, postponed, until late in June, when, on the 22nd, the Japanese Adviser ordered the Bank of Chosen—the Customs bank—not to honour cheques drawn by the Commissioner. The Bank of Chosen, being a Japanese institution, and therefore not subject to control of the Manchukuo Authorities, had no legal right to refuse to obey the Commissioner's instructions regarding the disposal of Customs funds.

On the 29th June, a party consisting of the Superintendent, the Japanese Adviser, Miyamoto, and Major Inouye, a Japanese Army Intelligence Officer, came to the Custom House. While the Adviser and Major Inouye remained outside, the superintendent entered the Custom House, accompanied by guards with drawn pistols, and demanded the surrender of the Customs. In the face of such *force majeure* the Commissioner had no option but to yield. Whereupon the Superintendent called in the Japanese Adviser and announced that the latter had been appointed Commissioner of Customs.

The last remittance of Customs revenue from Lungchingsun was sent on the 22nd June, 1932.

On the 12th July, the Inspector General sent the following despatch to the Japanese Legation, which has not yet been acknowledged:—

'Sir,

'I have the honour to state for your information that Mr. A. G. Wallas, the Acting Commissioner of Customs at Lungchingsun, reports that he and his Staff have been ejected from the Custom House by armed men, acting under the orders of a Japanese "Adviser", who, he states, was accompanied by Major Inouye, the local Japanese Intelligence Officer. The Commissioner further intimates that Mr. Mackenzie, a Chinese Customs Officer of British nationality, in charge of the sub-station in Hunchun, has also been forcibly prevented from exercising control of the office, and, like Mr. Wallas, seems to be in considerable personal danger. In view of the above facts, I have the honour to request you to be good enough to enquire why the Japanese Military Authorities, as represented by the Intelligence Officer, were associated with the Adviser in active interference with Chinese Customs' Officers?

' I have, &c.,

'F. W. MAZE,

'Inspector-General of Customs.'

*Antung*: Mr. R. M. Talbot, Acting Commissioner (American).

The first intimation of interference with the Customs at Antung was given privately by the Japanese Consul to the Commissioner early in March, when the Consul advised the Commissioner that he must be prepared for a request from the Superintendent to hand over the Customs to Manchukuo control. The appointment of a Japanese Customs Adviser followed shortly, but this official took no active steps until the middle of June, when he transmitted definite orders from the Manchukuo Ministry of Finance to the Bank of China to the effect that Customs funds were no longer to be remitted to Shanghai. From this time, therefore, the collection of revenue accumulated in the Bank of China until the 16th June, when four armed Manchukuo Police, accompanied by the Japanese Assistant Superintendent of Police, visited the Bank of China and informed the Manager that they had come to 'guard the revenue'. On the 19th June the Bank of China handed over to the Three Eastern Provinces Bank Tls. 783,000 and informed the Commissioner that this action was taken as a result of *force majeure*.

A portion of the Customs revenue at Antung is deposited in the Bank of Chosen, which, being a Japanese institution, enjoying extraterritorial status, is not amenable to the jurisdiction of the Manchukuo Authorities. Nevertheless, the Bank of Chosen declined to remit Customs funds and stated that they had had instructions from their Head Office in Seoul to hand over all Customs funds to the Manchukuo Government. It was reported to the Commissioner that the Head Office of the Bank of Chosen had referred the question to the Japanese Foreign Office and the Japanese Ministry of Finance.

Having thus seized the Customs revenue, the next step was the seizure of the Customs Administration. On the 26th and 27th June, the Japanese Adviser demanded that the Custom House be handed over to him. The Commissioner refused to hand over, and on the 28th June, the Superintendent, Adviser and ten Secretaries, &c., entered the Custom House and demanded the keys. The Commissioner again refused to comply, and two armed Manchukuo Police (both Japanese subjects) then entered and repeated the demand. The Commissioner thus had no option but to yield to *force majeure*, and left the Custom House, after a final protest to those concerned in the seizure.

On the 30th June, 27 members of the Antung Staff (25 Japanese and 2 Koreans) resigned from the Chinese Customs Service. The Commissioner then withdrew the remaining loyal Staff to his house, which is situated in the Japanese-controlled Railway Zone, and attempted to continue to carry on the work of the Customs.

On the same day, the Japanese Adviser, Sakikawa, with two armed Japanese in plain clothes, entered the Commissioner's house and demanded possession of the Customs archives, which the Commissioner had previously brought from the Custom House for safe keeping, stating that if the Commissioner refused to hand over, he was prepared to take them by force. The Commissioner protested against the forcible entry of armed agents into his

house, the residence of an American citizen, located in the Japanese Settlement, and asked the Adviser if he was acting with the knowledge and consent of the Japanese Consul. The Adviser replied that he was acting on instructions from Changchun and was prepared to ignore the Japanese Consul. The Commissioner again refused to give up the Customs archives, whereupon three more Japanese in plain clothes entered his house. The Commissioner, however, declined to surrender his archives, whereupon the Japanese drew their revolvers, and the Commissioner was thus forced at the point of the pistol to surrender the archives, which were immediately removed from his residence.

In the meantime, the Commissioner sent a Customs Officer of British nationality to the Japanese Consulate, which is located next door to the Commissioner's house, with a request for assistance. The Consul was out, and the Vice-Consul declined to take any action to prevent the forcible removal of the Customs archives.

As 80 per cent. of the Antung Customs revenue is collected in the Japanese-controlled South Manchuria Railway Zone, the Commissioner attempted to carry on the Customs work there, in the belief that the Japanese Authorities would not permit interference therein by the Manchukuo Police. Unfortunately, such did not prove to be the case, and the Manchukuo Police entered the Railway Zone, arrested four of the Customs Staff and intimidated the remainder. As he was powerless to protect the lives of his Staff, the Commissioner was forced to suspend work entirely within the Railway Zone.

The last remittance of Customs revenue from Antung was sent on the 19th April, 1932.

*Newchwang*: Mr. N. P. M. Shaw, Acting Commissioner (British).

On the 26th March, the Japanese Adviser demanded that the Bank of China hand over accumulated Customs funds and future collection to the Three Eastern Provinces Bank. The Bank of China yielded to this demand under threat of *force majeure*. Half of the Customs revenue at Newchwang is lodged in the Yokohama Specie Bank which, being a Japanese extra-territorialised institution, is not subject to the control of the Manchukuo Authorities. Nevertheless, when the Commissioner instructed the Yokohama Specie Bank to remit accumulated balances to Shanghai, the Manager of the Bank declined to do so on the grounds that the Manchukuo Government had requested him not to remit. No action was taken against the Customs Administration until the 27th June, when the Custom House was seized by the Superintendent, the Japanese Adviser and a detail of armed police. The Japanese Staff resigned *en bloc* from the Chinese Customs Service and joined the Manchukuo Customs, and Mr. Ekbara, formerly Chinese Customs Assistant, was appointed Commissioner of Customs by the local Authorities. The Chinese Staff were compelled by force to continue to work at the Custom House and one man who attempted to cease work was arrested and imprisoned.

The last remittance of Customs revenue from Newchwang was sent on the 16th April, 1932.

*Harbin*: Mr. H. E. Prettejohn, Commissioner (British).

At the end of March the Manchukuo Authorities seized the Customs revenue in the Bank of China, Harbin, and forced the Bank to agree to pay over future collection to the Three Eastern Provinces Bank.

For the next two months the Commissioner and his Staff carried on their usual functions, although constant pressure was brought on them to join the Manchukuo Customs. The real intentions of the local Authorities were disclosed on the 26th June when, at midnight, armed Manchukuo Police, led by a Japanese, surrounded and took possession of the Custom House. The next morning the Commissioner attempted to enter the Custom House, but found it sealed and guarded. During the course of the day, Japanese in plain clothes (who admitted that they belonged to the Japanese Military Mission) called at the private residences of Chinese and Russian Customs employees and attempted to force them to sign documents promising that they would work for the Manchukuo Customs. The Japanese Adviser, accompanied by police, called on Mr. E. J. Ohrnberger, the Deputy Commissioner (Russian), and offered him the post of Commissioner, *plus* £8,500 in cash, if he would take charge of the Harbin Customs for Manchukuo. Mr. Ohrnberger refused to be bribed, and a few days later he was arrested and imprisoned for five days. Many other Customs employees were arrested, including Mr. E. T. Schjöth, a Norwegian, who was the Assistant in Charge of the Harbin Customs sub-office at Manchouli. The entire Chinese Staff was ruthlessly intimidated, and even the Commissioner's house was surrounded by Manchukuo police.

The next action of the Manchukuo Police was the search of the Commissioner's house and the seizure of Customs archives stored therein, while their latest move has been to order the Commissioner and all other Customs employees to vacate their residences.

The last remittance of Customs revenue from Harbin was sent on the 28th March, 1932.

*Dairen*: Mr. J. Fukumoto, Commissioner (dismissed) (Japanese). (Collection, 1931: Hk. Tls. 12,448,000).

At Dairen, the Customs function by virtue of a separate Customs Agreement with Japan (1907), who holds Dairen on lease from China; and, in view of the fact that the Japanese Government has entire and sole administrative control of the Leased Territory (in which Dairen is located), it was naturally not anticipated that there would be any interference with the Chinese Customs Administration there. Such, however, did not prove to be the case.

Up to the 7th June, the Dairen Customs revenue was remitted regularly at intervals of three or four days. No remittances having been received between 7th and 14th June, however, the Inspector General telegraphed to Dairen to enquire the cause of the delay. In reply, Mr. Fukumoto the Commissioner, wired that he had hesitated to remit the revenue as such action would precipitate a crisis! Mr. Fukumoto added that Mr. Kawai, Chief of Section

for Foreign Affairs of the Kwantung Government, had advised him that the Manchukuo Government's claims to Manchurian Customs revenues were well founded.

After a further exchange of telegrams, Mr. Fukumoto reluctantly prepared to obey the Inspector General's instructions and had practically completed arrangements to remit the revenue to Shanghai, when Mr. Kawai (who, it should be emphasized, is a Japanese Government official and not an official of the Manchukuo Government) intervened and insisted that remittances should be postponed.

The Inspector General thereupon warned Mr. Fukumoto on the 22nd June that continued failure to execute instructions would be considered tantamount to insubordination. Mr. Fukumoto replied and said that he had been cautioned that if he carried out the Inspector General's instructions, Japanese interests would be adversely affected, and he therefore declined to remit the revenue—i.e., he executed the orders of the Kwantung Authorities and refused to obey the legitimate commands of the Inspector General. Mr. Fukumoto was dismissed for gross insubordination on the 24th June.

Following the dismissal of Mr. Fukumoto, the Inspector General appointed Mr. Nakamura, Deputy Commissioner, to take temporary charge of the Dairen Customs. Mr. Nakamura resigned immediately, and on the 26th June all but one of the Japanese members of the Customs Staff at Dairen (i.e. 62 employees) telegraphed to the Inspector General that they had severed all connection with the Chinese Maritime Customs.

The Inspector General, in accordance with the terms of the Dairen Customs Agreement of 1907, referred to above, nominated Mr. H. Kishimoto to be Mr. Fukumoto's successor as Commissioner at Dairen, and requested the approval of the Japanese Legation to this appointment on the 25th June. Up to the present, four weeks have passed and no reply whatever has been received from the Japanese Authorities.

On the 24th June, there was a balance of over Hk. Tls. 500,000 Customs revenue on deposit in the Yokohama Specie Bank in Dairen, and the Inspector General has made repeated demands on the Bank to remit this money to Shanghai, but has been met with a categorical refusal. The Yokohama Specie Bank state that they have been instructed by the Kwantung Government to retain the funds in question.<sup>2</sup>

After the dismissal of Mr. Fukumoto, the Manchukuo Government organised a Customs office in Dairen, led by Mr. Fukumoto and staffed with former Japanese employees of the Chinese Customs Service, which is now illegally collecting revenue in the Chinese Customs Wharf Office.

The last remittance of Customs revenue from Dairen was sent on the 6th June, 1932.<sup>3</sup>

<sup>2</sup> This paragraph is not printed in the Chamber of Commerce Journal *op. cit.*

<sup>3</sup> This sentence is not printed in the Chamber of Commerce Journal.

*Letter from Sir F. Lindley (Tokyo) to Sir V. Wellesley (Received September 7)*  
[F 6572/2362/10]

BRITISH EMBASSY, TOKYO, August 2, 1932

Dear Wellesley,

A hurried line before I return to Chuzenji out of this intolerable heat.

I was rather surprised to get Foreign Office telegram No. 114<sup>1</sup> of the 30th July because it seems to me rather useless to refer to the Nine Power Treaty over every case of minor discrimination on the part of Japanese nationality in Manchuria against British interests. We have protested on Treaty grounds against the proposed recognition of Manchukuo. The Japanese have consistently taken up the line that they are not responsible for the Manchukuo Government or their dealings. On this point a stalemate has arisen, and His Majesty's Government must make up their minds what they mean to do about it.

In the case mentioned in your telegram No. 114 we appealed to our Treaty rights as against the action of Japanese who were not even direct officials of the Manchukuo Government, though I believe that the President of the Central Bank was appointed by that Government. It was obvious, therefore, that the Japanese Foreign Office must reply that there was no breach of the treaty and, when I discussed the matter this morning with my French colleague before seeing the Vice-Minister, he did not think we had a leg to stand on from the point of view of the treaty. It was for this reason that I made no mention in the memorandum which I left at the Gaimusho of our Treaty rights which I emphasised in accordance with your instructions during my conversation.

Until the major question of the relation between the Nine Power Treaty and the Manchukuo Government has been settled one way or another, I submit that our representations regarding such discrimination in Manchuria, as that mentioned in your telegram, should take the form rather of appeals for fair play under the vague heading of the Open Door policy. I don't know whether we shall obtain anything substantial by this method but I think it offers us the best chance of defending our rights in Manchuria for the time being.

Of course, if the Japanese/Manchurian policy is successful, we shall eventually be squeezed out, even though there is no open infringement of the Open Door. But our material interests in the Four Eastern Provinces are not very great and we may hope to get some new advantages should those Provinces become really prosperous.

Yrs ever,  
F. O. L.

<sup>1</sup> No. 563.

No. 582

*Mr. Ingram (Peking) to Sir J. Simon (Received August 3, 9.30 p.m.)*  
*No. 529 Telegraphic: by wireless [F 5940/5851/10]*

PEKING, August 3, 1932

My United States colleague as senior Minister concerned invited myself, French Minister and a representative of Italian Legation (in the absence of Italian Minister) to discuss problem presented by the possibility of Sino-Japanese action in this area involving status of Japanese Legation guard.<sup>1</sup> Situation presented considerable difficulties as United States Minister had been categorically informed by Japanese (Colonel) attached to Japanese assessor to League of Nations commission that guard was treated as part of Japanese army and subject to military direction as opposed to that of Japanese Minister or Chargé d'Affaires.

2. After considerable discussion we agreed to submit to our respective Governments suggestions contained in my immediately following telegram.<sup>2</sup> Repeated to Tokyo and Commander-in-Chief.

<sup>1</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 561.

<sup>2</sup> No. 583.

No. 583

*Mr. Ingram (Peking) to Sir J. Simon (Received August 3, 9.30 p.m.)*  
*No. 530 Telegraphic: by wireless [F 5941/5851/10]*

PEKING, August 3, 1932

My immediately preceding telegram.<sup>1</sup>

We are agreed that diplomatic immunity of Legation quarter must be preserved.

We are agreed that every effort should be made to prevent Legation quarter and its guard from becoming involved in military activities here between Chinese and Japanese.

We consider it will be difficult to achieve by purely local action and therefore recommend to our respective Governments that if and when military activities extend south of Wall joint representations should be made at Tokyo and Nanking for the purpose of obtaining, if possible, an undertaking from Chinese and Japanese Governments to respect our diplomatic quarter. We feel of course that in the event of such circumstances arising the most satisfactory solution of this question would be to obtain Japanese Government's consent to withdrawal of their guard from Peking and hand over protection of their Legation to other countries present.<sup>2</sup>

Repeated to Tokyo and Commander-in-Chief.

<sup>1</sup> No. 582.

<sup>2</sup> Cf. *F.R.U.S.* 1932, pp. 561-2.

**No. 584**

*Mr. Ingram (Peking) to Sir J. Simon (Received August 3, 9.30 p.m.)*

*No. 531 Telegraphic: by wireless [F 5942/5851/10]*

PEKING, August 3, 1932

My immediately preceding telegram.<sup>1</sup>

We do not in the least wish to be alarmists but feel we ought not to ignore the possibility of situation arising which might be fraught with difficulties as we all realise that despite any assurances we may receive from Tokyo past experience shows that Japanese military cannot be counted on to give effect to them. There is always a danger of some ill-considered or provocative action of Japanese guard creating a situation which would bring international defence scheme into being and land us in a situation identical with that which recently arose at Shanghai. It is almost impossible to foresee in advance and provide against all the circumstances by which such a situation could be created and nothing short of force (which presumably we should not be prepared to use) is likely to deter the Japanese military here from following out their own schemes. We feel therefore that apart from diplomatic action suggested we can only wait on events when we should be guided by the principles enunciated in first two sentences of my immediately preceding telegram.

I should be glad to learn if you approve.

A disquieting feature is that the senior commandant, the American, is a sick man and in the event of anything happening to him, the next senior commandant is the Japanese which would create an impossible situation. I have privately drawn United States Minister's attention to this.

Personally I do not think the Japanese would ever be induced to withdraw their guard.

Repeated to Tokyo and Commander-in-Chief.

<sup>1</sup> No. 583.

**No. 585**

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 164 Telegraphic [F 5881/1108/10]*

FOREIGN OFFICE, August 4, 1932, 5 p.m.

Your telegram No. 516<sup>1</sup> (of 30th July: Shanghai claims).

I do not consider that rejection on special grounds of one isolated claim in category three justifies abandonment of all claims in this category and instructions contained in my telegram No. 113<sup>2</sup> should therefore stand.

Please repeat to Tokyo.

<sup>1</sup> No. 566.

<sup>2</sup> No. 411.



**No. 586**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 4, 12.50 p.m.)*  
*No. 322 Telegraphic [F 5943/1/10]*

TOKYO, August 4, 1932, 5.5 p.m.

My telegrams Nos. 318 and 319.<sup>1</sup>

During general conversation held this morning, Military Attaché was informed by Vice Minister of War General Koiso that while Japan had no desire to become involved in military adventures in Jehol she would have to oppose by force any action taken by Tang Yu-lin against Manchukuo. Further, should Chang Hsueh-liang invade Jehol, Japan would be forced to consider strong counter measures which would include the despatch from Japan of large reinforcements to Tientsin, thus threatening Chang's communications with Peking.

Repeated to Peking.

<sup>1</sup> Nos. 575 and 576 respectively.

**No. 587**

*Mr. Ingram (Peking) to Sir J. Simon (Received August 4, 9 p.m.)*  
*No. 536 Telegraphic: by wireless [F 5976/2/10]*

PEKING, August 4, 1932

Following received from Shanghai No. 202 August 2nd. Begins:—

Addressed to Peking No. 202, repeated to Mission.

My telegram No. 201.<sup>1</sup>

Minister of Finance has withdrawn order to suspend payment of Japanese indemnity and it will be made as usual.

Inspector General of Customs also informs me confidentially that he has received telegram from Manchukuo Minister of Finance saying that Yokohama Specie Bank have been instructed to remit to Inspector General of Customs 850,000 taels as Manchurian quota for foreign obligations. This sum which has been received is however the equivalent of amount standing to the credit of Dairen Customs at the time of its seizure. Inspector General of Customs has acknowledged receipt as of funds properly remitted from Dairen but has ignored reference to Manchurian quota.

<sup>1</sup> See No. 577.

**No. 588**

*Mr. Ingram (Peking) to Sir J. Simon (Received August 8, 3.50 p.m.)*  
*No. 540 Telegraphic [F 6029/27/10]*

PEKING, August 8, 1932, 6.36 p.m.

Wang C. W. [Ching-wei] suddenly announced his resignation of Presidency of the Executive Yuan on August 6th. He followed this up with a

telegram to the Young Marshal<sup>1</sup> criticising him for his failure to resist Japan and suggesting that he too should resign.

It is impossible to estimate at present what will be the effect on the political situation. Such moves are common in Chinese politics and their exact significance generally inscrutable. But as you know there has been fundamental opposition ever since formation of present government between Wang on the one side and Chiang and Young Marshal on the other—see my telegram 517<sup>2</sup> and semi-official letters of May 17th and June 20th<sup>3</sup>—two latter incidentally being identified with policy of non-resistance to Japan, while former has advocated a stronger policy.

Donald as stated in my telegram referred to above . . .<sup>4</sup> that Marshal offended Wang during latter's recent visit here by stating, in response to latter's suggestion that he should adopt more active measures of resistance, that he was willing to carry out any instructions which Chiang as chairman of military affairs committee might give. According to Donald Wang interpreted this as a slight to himself and sign of combination by Chiang and Marshal to thwart him. His telegram to Marshal is couched in bitterest terms; he accuses him of having demanded money from Central government for defence of North China, while he has so far taken no effective measures of defence; and his movement is clearly in part at least an attack on Marshal.

Marshal has replied publicly that he is perfectly ready to resign but that having the responsibilities of a military command it is not possible for him to abandon his charge on his own initiative. Donald informs me that a meeting of Peking political council was held last night at which it was decided that Marshal should resign control of political affairs to political council and of financial affairs to finance commission and declare himself prepared to carry out their orders. As he is chairman of both bodies this would not be more than a gesture renouncing responsibility in view of criticism of his conduct of affairs.

Donald considers that if Chang H. L. [Hsueh-liang] were to be removed from Peking it would have serious effect not only on the situation in the North where leaders grouped round Yen and Feng<sup>5</sup> would probably then form dominating influence but also at Nanking since Chiang Kai-shek's position would be seriously weakened by defection of the North. On the other hand he understands that at secret meeting of political council attended by Han Fu-chu and others, see my telegram 495,<sup>6</sup> there were no indications of desire to eliminate Chang and that the published resolution of the conference which was to the effect that the northern leaders should act in unison in face of the Japanese menace represented the genuine feeling that internal dissensions should be avoided at the present moment.

On the other hand it is perhaps worth recording that according to my

<sup>1</sup> Marshal Chang Hsueh-liang. For the text of this telegram see *China Year Book* 1933, pp. 247-8.

<sup>2</sup> No. 568.

<sup>3</sup> These letters to Sir V. Wellesley are not printed.

<sup>4</sup> The text is here uncertain.

<sup>5</sup> Marshal Yen Hsi-shan, and General Feng Yu-hsiang.

<sup>6</sup> No. 550.

information Chang has recently been purchasing property in the foreign concession at Tientsin but this is most likely only a precaution in case he is forced out by the Japanese.

Secretary in charge of Japanese Legation in discussing the rumours of Chang's impending resignation referred rather significantly to the fact that they expected trouble in Peking if Chang resigned as the disorderly element were likely to get out of hand and I am informed the Japanese authorities have today issued instructions to their nationals to be prepared to take refuge in the legation quarter.<sup>7</sup>

Repeated to Tokyo, Commander-in-Chief, General Officer Commanding, Shanghai, Mission, Tientsin for Brigadier.

<sup>7</sup> Mr. Ingram's telegram No. 543 of August 8 to the Foreign Office (received 7.30 p.m.) confirmed that Marshal Chang Hsueh-liang had telegraphed his resignation to the Government (cf. *China Year Book*, 1933, p. 248) but said that Mr. Donald did not expect the resignation to be accepted. Mr. Ingram's telegram No. 542 of even date repeated Nanking telegram No. 296 of August 8 to Peking which reported rumours of the resignations of the Ministers of Foreign Affairs (Dr. Lo Wen-kan), of Railways (Mr. Koo Meng-yu), and of Industry (Mr. Chen Kung-po).

#### No. 589

*Mr. Ingram (Peking) to Sir J. Simon (Received August 9, 9.30 a.m.)*

*No. 541 Telegraphic: by wireless [F 6040/1/10]*

PEKING, August 8, 1932

Report received from Captain Stables, language officer at Harbin, states that Japanese headquarters there realise the impossibility of pacifying the country with the small forces at their disposal and only intend holding important centres or main lines of communication. They state that they do not consider it will be possible to eradicate bandit menace without elimination of Young Marshal's influence. Captain Stables' view is that unless they were overruled by political considerations Japanese military contemplate taking direct action at Peking or some other point within the wall rather than advance through the mountain provinces of Jehol.

Repeated to Tokyo.

#### No. 590

*Mr. Ingram (Peking) to Sir J. Simon (Received August 9, 6.25 p.m.)*

*No. 544 Telegraphic: by wireless [F 6042/27/10]*

PEKING, August 9, 1932

Following received from Shanghai telegram No. 210 of August 9. Begins:— Addressed to Peking telegram No. 210, copy by post to Mission.

Your telegram No. 218.<sup>1</sup>

I saw T. V. Sung [Soong] yesterday. He was very reserved regarding

<sup>1</sup> This Peking telegram to Shanghai has not been traced in Foreign Office archives.

government crisis and said resignations of Wang and Lo were due to tension of feeling over Manchurian situation but he refused to regard them as definite and believed that matter would be smoothed over presently. Neither he nor Huang Shao-hsiung<sup>2</sup> were acting as head of Executive Yuan. Latter was also in Shanghai. If Wang insisted on resigning he could not say what the outcome would be.

In the circumstances Sung's reticence is natural but another official in close touch with Nanking politics tells me Wang's resignation is culmination of a quarrel that has been brewing for a long time in Nanking coalition and is revolt of left party led by Wang, Chen Kung-po and Ku Meng-yu<sup>3</sup> against military (?dictator)ship in general and Chiang Kai-shek's in particular. Wang's attack on Young Marshal is really aimed at his support of Chiang Kai-shek in spite of his published statement to the contrary. My informant said no one yet knew what result would be but a compromise was still possible.

<sup>2</sup> Minister of Interior and senior minister.

<sup>3</sup> Cf. No. 588, note 7.

### No. 591

*Mr. Ingram (Peking) to Sir J. Simon (Received August 9, 7.25 p.m.)*

*No. 545 Telegraphic: by wireless [F 6057/65/10]*

PEKING, August 9, 1932

Following received from Shanghai No. 545 [*sic*] August 4th.

Addressed to Peking No. 204, repeated to Mission.

Extrasettlement Roads.

Draft agreement enclosed in my despatch No. 274<sup>1</sup> has now been sent to Senior Consul by Chairman of Council with statement that subject to preparation of plan delimiting area and certain annexes majority of Council would be prepared to agree to proposed *modus vivendi* in its present form. Japanese Councillors were opposed. Council asked for comments of Consular Body.

Chairman's letter has been circulated to Treaty Consuls but in the meantime Senior Consul, Secretary-General of Council and I called on Japanese Consul-General to ascertain his attitude. He read us portions of a despatch from his Government definitely disapproving of agreement on the grounds that matter was one for discussion by Round Table Conference when they would press for Feetham scheme. Japanese Government desired policing of outside roads to remain in hands of Municipal Council and considered that relinquishment of this right would be prelude to rendition of settlement.

<sup>1</sup> This Shanghai despatch had been transmitted to the Foreign Office under cover of Peking despatch No. 976 of August 2 (received September 23). Except for a 'very few' amendments (as noted by Sir J. Pratt in a minute of September 27) the text of the revised draft was the same as that enclosed in Peking despatch No. 847 of July 8 (see No. 407, note 3) which was summarized in No. 407 above.

They further said that if a special police force were organised for outside area there must be a Japanese deputy Commissioner and as many other Japanese as possible.

Japanese Consul-General said he realised that Chinese would not accept the above and insistence on it meant abandoning hope of agreement.

Senior Consul and I subsequently agreed on following course of action. Consular Body meeting would not be convened but Senior Consul would request each of the Treaty Consuls to send his comments on draft agreement direct to Chairman of Council and would so inform the latter. He, as United States Consul-General, and I, would then write briefly to the Chairman stating that British and American authorities approved the agreement and hoped that it would be concluded without delay. In private conversation we would urge Council to conclude agreement in spite of opposition of Japanese and leave the latter the onus of blocking its operation if they could.

I understand, however, that Council intend before signature to publish draft so as to give rate-payers an opportunity of expressing their views.

Council is now in recess and Chairman absent on leave so nothing much is likely to be done before September.

**No. 592**

*Sir F. Lindley (Chuzenji) to Sir J. Simon (Received September 22)*

*No. 421 [F 6888/3142/10]*

CHUZENJI, August 9, 1932

Sir,

Since writing my despatch No. 410<sup>1</sup> of August 2nd reporting the steps I took to carry out the instructions contained in your telegrams Nos. 114 and 115<sup>2</sup> of July 30th regarding the Insurance of the Central Bank at Changchun, I have received a copy of Mr. J. C. Hutchison's despatch No. 13<sup>3</sup> Confidential of the 16th July addressed to Mr. Ingram of which a copy has been sent to the Department of Overseas Trade under cover of his despatch No. 59.<sup>4</sup>

2. It will be observed from this despatch that the Commercial Secretary at Harbin had succeeded in settling this case some weeks before your above-mentioned telegrams were despatched. Had I received Mr. Hutchison's despatch No. 8<sup>5</sup> of the 18th June to which he refers I could have taken steps

<sup>1</sup> Not printed; cf. No. 574.

<sup>2</sup> Nos. 563 and 564 respectively.

<sup>3</sup> Not printed.

<sup>4</sup> Copy of this despatch (Harbin No. 59 O.T.B.) and its enclosure was filed in the Foreign Office on October 10.

<sup>5</sup> Transmitted to the Department of Overseas Trade under cover of Harbin despatch No. 52 O.T.B. of June 18, copy received in Foreign Office on July 8. In this despatch Mr. Hutchison had said that the case under consideration was similar to that originally reported in his despatch Overseas Trade B No. 17 of March 11 (see No. 240, enclosure) and that 'it is perhaps inevitable that some portion at least of the insurance on these government institutions now under Japanese control should be transferred to Japanese companies'.

to ascertain how the case stood before carrying out your instructions. In the absence of this despatch, I took it for granted that the case was a new and urgent one and I desire to express my regret at this error of judgment. I have apologised to the Vice-Minister for Foreign Affairs privately for the unnecessary trouble I gave him.

3. A copy of this despatch is being sent to His Majesty's Chargé d'Affaires at Peking.

I have, &c.,  
(for His Majesty's Ambassador),  
ALVARY GASCOIGNE

**No. 593**

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 166 Telegraphic [F 5942/5851/10]*

FOREIGN OFFICE, *August 10, 1932, 1.55 p.m.*

Your telegrams Nos. 529, 530 and 531<sup>1</sup> (of August 3rd: Japanese Legation Guard).

I agree that in the event of Sino-Japanese hostilities developing in neighbourhood of Peking it would be desirable that joint representations at Tokyo and Nanking should be made in accordance with the suggestions contained in your telegram No. 530 under reference. The proposal that a request might be made for withdrawal of Japanese guard is out of the question for the reasons stated in Sir F. Lindley's telegram No. 323.<sup>2</sup>

Please repeat to Tokyo. Repeated to Paris by bag No. 126 Saving, Rome No. 128 and Washington No. 396.

<sup>1</sup> Nos. 582-4 respectively.

<sup>2</sup> Of August 6, not printed. Sir F. Lindley had said therein: 'Japanese would not withdraw their guard from Peking and any request to do so would be sure to arouse bitter resentment and jealousy. I trust no such idea will be entertained or even discussed at Peking.' In his telegram No. 325 of August 12 to the Foreign Office Sir F. Lindley said that Foreign Office telegram No. 166 to Peking seemed 'to meet the case entirely'.

**No. 594**

*Sir J. Simon to Lord Tyrrell (Paris), Sir R. Graham (Rome),  
and Mr. Osborne<sup>1</sup> (Washington)*

*No. 127 Saving.<sup>2</sup> Telegraphic [F 5942/5851/10]*

FOREIGN OFFICE, *August 10, 1932, 2 p.m.*

Peking telegrams Nos. 529, 530 and 531 and my telegram to Peking No. 166<sup>3</sup> (of August 3rd and August 10th: Japanese Legation Guard at Peking).

<sup>1</sup> Minister in H.M. Embassy at Washington, acting as Chargé d'Affaires.

<sup>2</sup> No. 127 Saving to Paris, No. 129 to Rome, and No. 397 to Washington.

<sup>3</sup> Nos. 582, 583, 584, and 593 respectively.

Please ascertain whether Government to which you are accredited has considered recommendation referred to in Peking telegram No. 530 and if so whether if occasion arises they would agree to take the action suggested.  
Repeated to Peking No. 167.

**No. 595**

*Mr. Ingram (Peking) to Sir J. Simon (Received August 10, 6.15 p.m.)*  
*No. 551 Telegraphic: by wireless [F 6074/65/10]*

PEKING, August 10, 1932

Shanghai telegram No. 204<sup>1</sup> only reached me August 9th owing to breakdown of wireless communication with Shanghai. Shanghai despatch No. 274 referred to therein was forwarded to you on August 2nd under cover of my despatch No. 976.<sup>2</sup>

The matter having gone so far it is difficult to see how we can intervene usefully and I submit the matter should be left to Mr. [sic] Brennan and the Senior Consul, who knows [sic] the views of His Majesty's Government and United States government to handle as best they can.

I am informing Tokyo summarily of the position in so far as it affects the Japanese.<sup>3</sup>

Repeated to Shanghai.

<sup>1</sup> See No. 591.

<sup>2</sup> Cf. *ibid.*, note 1.

<sup>3</sup> See No. 604 below. Foreign Office telegram No. 172 of August 16 to Mr. Ingram approved the course which Sir J. Brennan proposed to take.

**No. 596**

*Mr. Ingram (Peking) to Sir J. Simon (Received August 10, 6.15 p.m.)*  
*No. 552 Telegraphic: by wireless [F 6087/27/10]*

PEKING, August 10, 1932

My telegram No. 542.<sup>1</sup>

Whole Government have tendered their resignations but are nominally continuing to hold office pending reorganisation of Government; most of them are in Shanghai.

It is impossible to predict outcome which is fundamentally one between military dictatorship under Chiang Kai-shek and civil Government by Kuomintang politicians.

Mayor has assured Mr. [sic] Brennan that crisis will not lead to any disturbances at Shanghai or elsewhere.

Repeated to Tokyo, Commander-in-Chief, Mission and General Officer Commanding.

<sup>1</sup> Not printed: cf. No. 588, note 7.

No. 597

*Mr. Ingram (Peking) to Sir J. Simon (Received August 10, 7 p.m.)*

*No. 550 Telegraphic: by wireless [F 6086/5851/10]*

PEKING, August 10, 1932

My telegram No. 547.<sup>1</sup>

United States Minister informed my colleagues and myself that in the course of conversation on August 5th W. Koo had sounded him as to possibility of neutralizing Peking-Tientsin area. United States Minister pointed out that neutralization would presumably involve withdrawal of all troops from area to which Koo replied that might be arranged and hinted that Powers with troops in North China might assume responsibility. United States Minister did not pursue the matter or raise question of dispersal of Japanese Legation guard but had reported the conversation to his Government.<sup>2</sup> He personally felt sure that use of United States troops for purposes other than those envisaged in protocol<sup>3</sup> would not be authorised. It was generally agreed that even if proposal were put forward for neutralization of Peking alone there could hardly be any question of Legation guard assuming responsibility involved.

Repeated to Tokyo and Commander-in-Chief.

<sup>1</sup> No. 599 below.

<sup>2</sup> See *F.R.U.S. 1932*, vol. iv, p. 562.

<sup>3</sup> i.e. for defence of the Legation; see articles vii and ix of the Final Protocol of Peking, September 7, 1901 (cf. No. 14, note 15).

No. 598

*Mr. Ingram (Peking) to Sir J. Simon (Received August 11, 9.30 a.m.)*

*No. 549 Telegraphic: by wireless [F 6091/5851/10]*

PEKING, August 10, 1932

My telegram No. 547.<sup>1</sup>

Japanese would, I think, almost certainly refuse to accept suggestion that activities of their guard should be confined to Legation quarters and would maintain their right to operate outside in defence of their nationals.

I am personally against any representations to Japanese until actual moment arises that they come south of wall. It is in any event unlikely that anything said to them will affect course of their military plans: at the same time there is a treaty position to maintain and we should be lacking in our duty to our nationals if we did not, if only pro forma, make some representations at appropriate moment.

My United States colleague is getting unnecessarily worked up about all this and I am doing my best to restrain him.<sup>2</sup>

Repeated to Tokyo and Commander-in-Chief.

<sup>1</sup> No. 599 below.

<sup>2</sup> Sir J. Simon's telegram No. 171 of August 16 to Mr. Ingram approved the view expressed in paragraph 2 of the above telegram.



*Mr. Ingram (Peking) to Sir J. Simon (Received August 11, 9 a.m.)*

*No. 547 Telegraphic [F 6089/5851/10]*

PEKING, August 11, 1932, 11.28 a.m.

United States Minister informed French and Italian colleagues and myself this morning<sup>1</sup> that he had received reply from State Department to the joint proposals contained in my telegram No. 530.<sup>2</sup> Department suggest that in the event of hostilities, arrangements might be possible by which Japanese guard would confine themselves to the defence of their own legation (which is not in the perimeter of the legation quarter) quarter being left to troops of other nationalities.<sup>3</sup> Further consideration of line to be taken must however await developments.

2. Meanwhile United States Minister said he had been considering the possibility of making representations to the Japanese government in advance of outbreak of hostilities within the wall. Such representation might be based on provocative activity of Japanese guard outside the quarter (for instance: Japanese troops recently carried out practice attack on legation quarter from outside). He had put this to his government and had telegraphed suggestion of basis for such representations the text of which is contained in my immediately following telegram.<sup>4</sup>

3. At United States Minister's suggestion we agreed to telegraph his proposals to our governments.

4. I informed my colleagues of the tone of our original proposals contained in Tokyo telegram No. 323<sup>5</sup> to you. French Minister expressed appreciation of this point and it was agreed point 'f' of United States Minister's proposal<sup>6</sup> might be omitted from any formal representations at Tokyo.

5. For comments see my telegram No. 549.<sup>7</sup>

Repeated to Tokyo and Commander-in-Chief.

<sup>1</sup> This telegram was drafted on August 10.

<sup>2</sup> No. 583. For the U.S. Government's reply of August 6, see *F.R.U.S. 1932*, vol. iv, pp. 563-4.

<sup>3</sup> The text here appears to be corrupt. The State Department's suggestion, as printed in *F.R.U.S. op. cit.*, p. 564 concluded: 'leaving to the other legation guards the responsibility for the defense of the Legation quarter in general'.

<sup>4</sup> Not printed. The text of Mr. Johnson's suggestion is printed in *F.R.U.S. op. cit.*, pp. 562-3.

<sup>5</sup> See No. 593, note 2.

<sup>6</sup> This read: '(f) And that the best thing for the Japanese to do at this time would be for them to take their guard away from Peiping leaving the protection of their Legation to the rest of us.'

<sup>7</sup> No. 598.

No. 600

*Mr. Osborne (Washington) to Sir J. Simon (Received August 12, 9.30 a.m.)*  
*No. 340 Telegraphic [F 6099/5851/10]*

Your telegram No. 397.<sup>1</sup>

WASHINGTON, August 11, 1932, 8.30 p.m.

Mr. Castle informed me that United States government would favour action recommended should need arise, but he himself was optimistic. He added that Mr. Wellington Koo had mooted the possibility of the neutralisation of the whole city of Peking and had been told—by American Minister, I think—that suggestion might appeal to United States government if it were put forward officially.

<sup>1</sup> See No. 594.

No. 601

*Mr. Ingram (Peking) to Sir J. Simon (Received August 12, 9 a.m.)*  
*No. 555 Telegraphic: by wireless [F 6101/4917/10]*

My telegram No. 359<sup>1</sup> to Mr. Holman.

PEKING, August 11, 1932

Waichiaopu attempted to take exception to our attitude and pressed for gunboats to be handed over to representatives [*sic*] of Ministry of Navy, Commodore Wang, who had been sent to Hongkong to take them over. When it was made clear, however, that we did not intend to modify our attitude, Vice Minister suddenly changed his ground and on August 2nd suggested to Mr. Holman that the best plan would be for them to be handed over to Chen Chi-tang.

2. Hongkong Government now report that eleven gunboats left voluntarily for Canton on August 9th, Commodore Wang having already departed on August 1st after an apparently friendly call.

<sup>1</sup> This telegram of July 27 referred to Foreign Office telegram No. 150 (No. 553) and instructed Mr. Holman to inform the Waichiaopu verbally on July 28 that, as hostilities between Canton and Admiral Chen Chak had ceased, the reason for the immobilization of the gunboats no longer applied and they were free to leave Hong Kong. Particulars of the settlement between Marshal Chen Chi-tang and Admiral Chen Chak, reached on or about July 7, were transmitted to the Foreign Office in Mr. Ingram's despatch No. 1150 of September 5, received October 20.

No. 602

*Mr. Ingram (Peking) to Sir J. Simon (Received August 12, 9 a.m.)*  
*No. 558 Telegraphic: by wireless [F 6106/27/10]*

My telegram No. 552.<sup>1</sup>

PEKING, August 11, 1932

The political situation is still very obscure. The fact that Wang in his

<sup>1</sup> No. 596.

open telegram on resignation has not attacked Chiang Kai-shek is considered by . . .<sup>2</sup> as offering a loophole for reconstruction of the Government even under Wang himself thus preserving face of the Kuomintang rule. On the other hand there are many who are thinking that Chiang will openly declare for Fascist rule, himself being cast for the rôle of Mussolini.<sup>3</sup>

2. Chang Hsueh-liang is very anxious to withdraw definitely from the scene and only pressure from Chiang, to whose plans his presence in the North has hitherto been an essential factor, is likely to prevent his doing so. He is, however, carrying on till his successor is appointed and has sent me a personal message through Donald to the effect that so far as Peking is concerned he will hand over in an orderly way when and if the time comes and Legations need not be apprehensive. On this point Wellington Koo has also assured me that there is not likely to be any scramble of Tuchuns for Peking.

3. So far Chiang has not disclosed his hand though Donald tells me that he has spent the last few months at Hankow rather than in consolidating his position round Loyang and in Hupei and Honan than in planning bandit suppression.<sup>4</sup> It is still possible that he may think the time not yet ripe for joining issue on fundamentals mentioned in paragraph 2 of my telegram under reference. Chang Hsueh-liang, however, has authorised Donald to communicate to the press a reported account of his (Chang Hsueh-liang's) views to the following effect: either he should be given funds and equipment to pursue campaign against Japanese inside and outside the Wall or else be allowed to retire so as to permit of a Sino-Japanese settlement by negotiations; if both of these alternatives are impossible Chiang should be given full power and free hand for one year to enable a forward policy to be pursued in both internal and external affairs.

4. . . .<sup>2</sup> well be that this 'ballon d'essai' is being put out with the connivance of Chiang who will await reaction to it before he comes out into the open. Wellington Koo anyhow is hopeful that there may be a solution within the next three days; but it is really impossible to predict the outcome.

Repeated to Tokyo, Commander-in-Chief, Mission and General Officer Commanding.

<sup>2</sup> The text is here uncertain.

<sup>3</sup> Head of the Italian Government and leader of the Italian Fascist movement.

<sup>4</sup> The last part of this sentence appears to be corrupt. In May 1932 General Chiang Kai-shek had been appointed Commander-in-Chief of the Bandit Suppression Forces of Honan, Hupei, and Anhui; see No. 615 below, paragraph 19 and note 14.

## No. 603

*Lord Tyrrell (Paris) to Sir J. Simon (Received August 12)*

*No. 115 Saving. Telegraphic: by bag [F 6097/5851/10]*

Your telegram No. 127 Saving.<sup>1</sup>

PARIS, August 11, 1932

French Government have received recommendation, but as their infor-

<sup>1</sup> No. 594.

mation indicated that situation was unlikely to arise in immediate future, they have not yet closely considered it. They are, however, disposed to agree in principle to action suggested if occasion arises, but prefer to await events before definitely committing themselves. They will probably reply in this sense to French Minister. They do not anticipate that there will be any difficulty in reaching agreement as to joint action if occasion arises.

**No. 604**

*Mr. Ingram (Peking) to Sir F. Lindley (Tokyo)*<sup>1</sup>

*No. 164 [F 7360/65/10]*

PEKING, August 11, 1932

Sir,

Certain correspondence has been passing between this Legation, the Foreign Office and His Majesty's Consul-General, Shanghai, on the subject of negotiations which have been in progress for a solution of the Shanghai extra-Settlement roads question, and I think it is advisable that I should keep Your Excellency informed of developments owing to the connexion of this subject with the proposed Round Table Conference. It does not seem necessary, however, to trouble you with the whole of the past correspondence, and I have accordingly had prepared the enclosed brief memorandum, which, together with the papers which are attached to it, will I think, be sufficient to place you in possession of all the salient facts.

I have, &c.,

E. M. B. INGRAM

ENCLOSURE IN No. 604

*Summary of Recent Events in Connexion with 'Outside Roads' Question at Shanghai*

PEKING, August 11, 1932

The three points to which special attention has been directed in connexion with the Japanese demand for the holding of a Round Table Conference are the following: (1) The settlement of the outside roads problem, (2) the reorganisation of the Courts, and (3) the establishment of a demilitarized zone.

2. It is the view of His Majesty's Minister that the first of these questions is more likely to be solved by mutual agreement between the Shanghai Municipal Council and the City Government of Greater Shanghai than by any formal conference.<sup>2</sup> Repeated attempts have been made in the past to reach such an agreement but without success.

<sup>1</sup> A copy of this despatch was received in the Foreign Office on October 12 under cover of Peking despatch No. 1024 of August 11 (not preserved in Foreign Office archives).

<sup>2</sup> Cf. No. 569.

3. In March 1932 His Majesty's Minister in interviews with the Mayor of Greater Shanghai & the Vice-Minister for Foreign Affairs, urged them to consider once again whether this and kindred subjects could not be settled by friendly discussion. The seed fell on fruitful soil, and subsequently in more than one conversation with His Majesty's Minister and Mr. Ingram, Dr. Lo Wen-kan and Mr. Quo Tai-chi expressed their desire and intention to try and settle Shanghai's problems by friendly discussion rather than by any round table conference.

4. Eventually negotiations on the subject of the outside roads were renewed between representatives of the Shanghai Municipal Council and the City Government of Greater Shanghai in May 1932, and on June 4th an agreement was initialled<sup>3</sup> subject to ratification by the Nanking Government and the Municipal Council. Various amendments were subsequently made, and the revised draft agreement was communicated to His Majesty's Legation by His Majesty's Consul-General, Shanghai, in his despatch No. 274<sup>4</sup> of July 22nd, 1932 (copy attached).

5. Now that there seemed a reasonable possibility of agreement between the Council and the Chinese Authorities, the attitude of the Japanese became of vital importance. They had not so far expressed any views officially on the subject of the negotiations which they of course knew were on foot, but from the renewed exertions of the Japanese Consul-General at Shanghai and the Japanese Chargé d'Affaires at Peking to bring about the convention of the Round Table Conference, it seemed likely that the outside roads agreement would meet with obstruction. (The relevant papers were copied or repeated to Tokyo, viz. Shanghai despatch No. 220 of June 15th<sup>5</sup> and our telegrams to Foreign Office Nos. 381 and 463<sup>6</sup> of 25th June and 12th July respectively.)

5. The subsequent history of the matter is contained in the following telegrams, copies of which are attached: Foreign Office to Peking No. 153<sup>7</sup> of July 28th, Peking to Shanghai No. 212<sup>8</sup> of July 31st, Peking to Foreign Office No. 519<sup>9</sup> of August 1st, Foreign Office to Peking No. 162<sup>10</sup> of August 4th [3rd], Shanghai to Peking No. 204<sup>11</sup> of August 4th, Peking to Foreign Office No. 551<sup>12</sup> of August 10th.

E. M. B. I.

<sup>3</sup> Cf. No. 407.

<sup>4</sup> See No. 591, note 1.

<sup>5</sup> This Shanghai despatch to Peking does not appear to have been repeated to the Foreign Office.

<sup>6</sup> Nos. 457 and 523 respectively.

<sup>7</sup> No. 557.

<sup>8</sup> Not traced in Foreign Office archives.

<sup>9</sup> No. 569.

<sup>10</sup> See *ibid.*, note 4.

<sup>11</sup> See No. 591.

<sup>12</sup> No. 595.

*Memorandum by Mr. Bowker*

[F 6020/7/10]

FOREIGN OFFICE, August 11, 1932

*Supply of Arms to Tibet by Govt. of India—Chinese Govt.'s  
enquiry respecting*

In 1921 the Government of India entered into an agreement with the Tibetan Government to supply the latter with arms for purposes of self-defence and internal police work. The Chinese Government were not informed of this arrangement but in August 1921 Lord Curzon told the Chinese Minister<sup>1</sup> that unless the Chinese Government were prepared to resume negotiations with Tibet within one month, His Majesty's Government would regard themselves at liberty 'to give the Tibetans any reasonable assistance they might require in the development and protection of their country'. Negotiations were not resumed and the first instalment of the munitions was sent to Tibet in 1922.

There has been intermittent fighting between Chinese and Tibetans for some years, but it was reported in January last that an agreement had been reached for an armistice. Shortly after, however, hostilities broke out again with renewed force, the Tibetans claiming that the Chinese had broken the armistice.

As the result of the renewed hostilities, the Tibetan Government sent an urgent appeal for arms to the Political Officer at Sikkim.<sup>2</sup> The latter, in forwarding the appeal to the Government of India, strongly urged that the arms should be supplied on the grounds that they were needed for self-defence and that if they were not forthcoming, the Tibetan Government would turn to Russia for assistance.

The Government of India proposed to supply the arms as an instalment of those promised under the 1921 agreement and asked<sup>3</sup> for the concurrence of His Majesty's Government. After consulting Mr. Ingram, we told the India Office that we saw no objection in principle to the supply of the arms on condition that the Government of India were satisfied that the arms would be used solely for self-defence or internal police work. The India Office informed the Government of India accordingly.

Shortly after this, Mr. Ingram reported<sup>4</sup> that a member of the Waichiaopu had called on Mr. Holman to say that the Chinese Government had heard that the Tibetan Government had applied to the Government of India for arms and to express the earnest hope that the arms would not be supplied.

<sup>1</sup> A record of this conversation on August 26, 1921, is printed in First Series, Volume XIV, No. 367.

<sup>2</sup> Colonel Weir.

<sup>3</sup> In Simla telegram No. 1266 to the India Office of May 27, 1932, copy received in the Foreign Office on June 3.

<sup>4</sup> The reference was to Peking telegram No. 507 of July 27; cf. No. 571, note 4.

Mr. Ingram asked for instructions<sup>5</sup> as to what reply he should make if the Chinese Government pressed the matter.

The India Office, to whom the question was referred, suggest that Mr. Ingram should reply that the arms now being supplied to the Tibetan Government are part of those which the Government of India undertook to supply under the 1921 agreement. They suggest, moreover, that since, *prima facie*, it appears that the initiative in the recent fighting was taken by the Chinese, Mr. Ingram should question any suggestion which the Chinese may make that the Tibetans have been the aggressors, and that His Majesty's Consul-General at Chungking should be asked to report any information which may be available about the hostilities and which would show which side opened hostilities.

It is submitted that it would be a mistake for Mr. Ingram to become involved in a discussion with the Chinese Government of the question which side was the aggressor. Reports are extremely conflicting and it is most unlikely that His Majesty's Consul-General at Chungking would be able to obtain any information which would make it possible for him to form a reliable opinion in the matter. It seems, therefore, that it would be much better that this point should not be broached at all by Mr. Ingram and it is submitted that he should be instructed to confine his reply to an explanation that the arms now being supplied are part of those included in the 1921 agreement and that, at the same time, he should add an assurance that the Government of India will not supply the Tibetan Government with any further arms unless they (i.e. the Govt. of India) are satisfied that they will be used for self-defence and internal police work. This added assurance is no more than the condition which was attached to the present supply of arms and seems to be a reasonable concession to make to the Chinese in view of their representations.

A draft is submitted accordingly.<sup>6</sup>

R. J. BOWKER

<sup>5</sup> In Peking telegram No. 508 of July 27, not printed.

<sup>6</sup> Cf. No. 613 below.

### No. 606

*Mr. Ingram (Peking) to Sir J. Simon (Received August 13, 6.45 p.m.)*

*No. 562 Telegraphic: by wireless [F 6133/7/10]*

PEKING, August 13, 1932

Telegram No. 1775 from India to Secretary of State for India.<sup>1</sup>

I agree generally with the views contained in Part 2 of this telegram.<sup>2</sup> While it is not certain how far Nanking can control activities of frontier forces verbal representations on lines proposed could hardly do us any harm.

<sup>1</sup> Of August 10, not printed.

<sup>2</sup> This urged the desirability of diplomatic representations to the Central Chinese Government to arrange an armistice and prevent further fighting.

They would however have to be made very tactfully as situation has altered considerably since 1921, when Chinese Government last expressed their willingness to discuss the Tibetan question with us.<sup>3</sup> Present Waichiaopu is very sensitive on all matters which touch the national *amour propre* and may take the line that difficulties between China and her vassal are no concern of ours.

We could however cite acceptance of our good offices in 1918 conflict<sup>4</sup> as precedent for our representations on the present occasion. Alternatively Chinese request that arms should not be supplied to Tibet, see Mr. Holman's telegram No. 280,<sup>5</sup> offers a possible line of approach. We might reply that we have now received an answer from the Indian Government that only arms supplied by them are those called for by 1921 agreement and continue that the Indian Government who are directly affected by events in Tibet and who sincerely desire that peace should be restored there have suggested that representations should be made to the Chinese Government with a view to a cessation of hostilities and have expressed their willingness to use their good offices with the Tibetan Government to the same end. We might even add that Chinese Government could rely as on similar occasions in the past on His Majesty's Government in the United Kingdom and India to exert every effort to secure an armistice acceptable to both sides. This, however would presuppose a readiness on our part for active intervention in negotiating terms and even perhaps in fresh endeavours to fix Sino-Tibetan boundary.

I venture to suggest His Majesty's Minister now on leave might usefully be consulted.

Repeated to India.

<sup>3</sup> Cf. First Series, Volume XIV, No. 402, note 2.

<sup>4</sup> Cf. First Series, Volume VI, No. 420, note 4; see also H. E. Richardson, *Tibet and its History* (London, 1962), pp. 119-20.

<sup>5</sup> See No. 571, paragraph 10.

## No. 607

*Mr. Ingram (Peking) to Sir J. Simon (Received August 14, 10 a.m.)*

*No. 565 Telegraphic [F 6136/27/10]*

PEKING, August 13, 1932

My telegram No. 558.<sup>1</sup>

Chang Hsueh-liang has just sent Koo to see me with a message to the effect that his resignation has been accepted and that his troops will be taken over by Northern Military Council. He hopes to go abroad as soon as process of handing over to the Council can be effected. This may take some three weeks or so. Doctor Koo thinks that General Chiang Kai-shek will send one or two of his more prominent generals to strengthen the Council and maintain his influence therein.

<sup>1</sup> No. 602.



There are no fresh developments regarding the political situation. Wang Ching-wei is maintaining his refusal to resume office, and usual conversations and political manoeuvring is [*sic*] continuing at Shanghai.<sup>2</sup>

Repeated to Tokyo, Commander-in-Chief, Mission and General Officer Commanding.

<sup>2</sup> Mr. Ingram's telegram No. 573 of August 16 to the Foreign Office said that 'Chang Hsueh-liang's resignation was formally accepted by standing committee of Central Executive Committee yesterday'.

No. 608

*Mr. Strang (Moscow) to Sir J. Simon (Received August 22)*

*No. 445 [F 6314/2400/23]*

MOSCOW, August 15, 1932

Sir,

I have the honour to report the signature in Moscow on the 13th August of what is described in the official Soviet communiqué as 'a special agreement embodying a settlement of the principal questions in dispute in connection with the application of the Fisheries Convention concluded between the U.S.S.R. and Japan in 1928'. This agreement has been under negotiation for the last eighteen months.

2. The Counsellor of the Japanese Embassy tells me that this agreement related only to the distribution of fishery lots in the areas mentioned in Article 11 of the Portsmouth Treaty,<sup>1</sup> namely, the Russians [*sic*] coasts of the Sea of Okhotsk, the Sea of Japan and the Behring Sea. The major questions in dispute between the two Governments as regards Far-Eastern fisheries, namely, that of the interpretation of the existing fishery treaties and that of the extent of territorial waters still remain unsettled.

3. I understand from Mr. Amau that the Soviet Government will publish merely an outline of the new agreement and that the full text will be published in Tokio.<sup>2</sup>

4. I am sending a copy of this despatch to the Department of Overseas Trade.

I have, &c.,  
WILLIAM STRANG

<sup>1</sup> Cf. No. 125, note 3.

<sup>2</sup> In his despatch No. 489 of September 5 (received September 17) Mr. Strang transmitted details of the Agreement as communicated to him by Mr. Amau, and said that he now understood 'that it would not be published *in extenso* in Tokyo'. Cf. *The Times*, August 15 (p. 9).

No. 609

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 19)*

*No. 427 [F 6805/2400/23]*

CHUZENJI, August 15, 1932

Sir,

In my despatch No. 343<sup>1</sup> of the 30th June last, I had the honour to report on the subject of the Russo-Japanese Fishery negotiations and to express the expectation that a provisional agreement between Japan and Russia would shortly be signed to tide over the interval to 1936 when the Fishery Convention of 1928 is to be revised.

2. I have now the honour to state that Mr. Gascoigne, Second Secretary to this Embassy, was informed this morning by the Head of the competent Department of the Japanese Ministry for Foreign Affairs that the Provisional Agreement in question was signed at Moscow on the 13th instant.<sup>2</sup>

3. Mr. Matsushima, the Japanese official concerned, did not conceal his satisfaction at the Agreement which he described as being a most equitable one for Japan. He also stated that, although the discussions had been protracted over a long period and had received several setbacks, a policy of give and take by both parties had won the day, and it must be admitted that Mr. Karakhan had shown much goodwill and conciliation.

4. The chief provision made by this Agreement, Mr. Matsushima explained, was that, while sixty grounds now held by Japanese would be put up to auction, the remaining grounds in Japanese hands would remain as they are until 1936.

5. I will not fail to furnish you with copies of the Agreement as soon as they are available.<sup>3</sup>

I have, &c.,

(for His Majesty's Ambassador),

ALVARY GASCOIGNE

<sup>1</sup> Not printed.

<sup>2</sup> Cf. No. 608.

<sup>3</sup> Cf. *ibid.*, note 2.

No. 610

*Mr. Ingram (Peking) to Sir J. Simon (Received October 10)*

*No. 1048 [F 7299/16/10]*

PEKING, August 15, 1932

Sir,

With reference to my despatch No. 811<sup>1</sup> of 5th July, I have the honour to transmit herewith a copy of a letter<sup>2</sup> from the Wai Chiao Pu which has been received here in reply to Mr. Holman's letter<sup>1</sup> of 15th June to the Minister for Foreign Affairs, informing him of the estimated cost of a British military

<sup>1</sup> See No. 400, note 2.

<sup>2</sup> Of August 3, not printed.

aviation mission to China on the lines originally suggested by the Chinese Aviation Bureau.

2. The Wai Chiao Pu state that, according to the competent authorities, the question is still in the stage of investigation and that no definite action will be taken for the present.

3. On the whole it seems unlikely that anything will now come of the proposal. His Majesty's Consul at Nanking duly conveyed to the Vice-Director of the Aviation Bureau the details of the proposed mission communicated in your telegram No. 134<sup>3</sup> of July 7th. He gained the impression however from General Ch'ao that the Chinese authorities had changed their minds and were unlikely to consider our offer. It is possible that, as suggested by General Ch'ao to Mr. Holman (please see the latter's despatch No. 77 enclosed in my despatch under reference), the Aviation Bureau may have had to abandon temporarily their project of employing a foreign mission owing to the present lack of funds. In any case, however, I am inclined to think that the Chinese will have found prohibitive the estimated cost of a Royal Air Force Mission (which works out at the rate of over £1,300 a year for each member of the mission including junior officers). I cannot help suspecting that they could obtain a mission on cheaper terms from either the Americans or the French.

I have, &c.,  
E. M. B. INGRAM

<sup>3</sup> No. 515.

#### **No. 611**

*Mr. Ingram (Peking) to Sir J. Simon (Received September 27)*

*No. 1050 [F 7007/1/10]*

PEKING, August 16, 1932

Sir,

I have had occasion to report to you by telegraph<sup>1</sup> recent events connected with the capture of a Japanese intelligence officer, Lieutenant Ishimoto, by Chinese forces on the frontier of Jehol, which gave rise for a time to the belief that the Japanese military authorities were intending to advance into Jehol or even to attack Tientsin or Peking with the object of cutting off the province at the stalk from the rest of China, and precipitating it into their hands.

2. The alarm which these events occasioned appears to have died down for the moment and although, as far as is known, Lieutenant Ishimoto remains unreleased, the public interest of the Japanese in him has subsided: their activities which gave rise to the first rumours have stopped short at border skirmishes in the neighbourhood of Chaoyang where he was captured, and in short the Japanese have indicated both by their professions and their actions that they do not intend to carry out a *coup* against Jehol just yet.

See, e.g., Nos. 538, 540, 549, 550, 568.

3. I do not pretend to say exactly what may have been the reason for the sudden subsidence of this short-lived scare. But I think it was clearly a 'try-on' by the Japanese military, who I am told had been intriguing to buy over Tan[g] Yü-lin, the Chairman of Jehol, and who saw in the capture of Ishimoto an opportunity, by a lightning threat, to frighten him out on their side. The threat failed to produce its effect and they had not the forces at their immediate disposal to carry it out. No doubt they were also discouraged by higher authorities who considered the moment unpropitious for a further military adventure while the League Commission were in Peking.

4. Nevertheless, the incident has called attention to the position of Jehol, poised on a knife-edge between China and Manchuria; it has, I consider, shown beyond doubt that the Japanese harbour the definite design of adding the province to the new state of 'Manchukuo', and sooner or later we are likely to see further developments.

5. Jehol is not properly speaking either China or Manchuria. It was until recently a district of Inner Mongolia. It is a barren, mountainous country intrinsically of little value. Its main outlets are by the passes which debouch on the plain north of Peking and by water down the Lan River which crosses the Peking-Mukden Railway west of Shanhaikuan and Chinwangtao. Its chief produce lately has been opium: a large acreage has been planted with the poppy at the instigation of the local Government and considerable quantities of opium are exported to Hopei and also, I believe, until recently to Manchuria. The 'Government' is entirely in the hands of Tang Yü-lin, an independant [*sic*] *tuchun* of the old school, with whose control nobody has interfered since he became Governor of Chahar and Jehol in 1928.

6. In 1929 Jehol was made a province of China and loosely joined with the Manchurian provinces, (known to the Chinese as the Three Eastern Provinces), to form a unit referred to as the Four Eastern Provinces. Tang Yü-lin, however, retained his practical independence after the manner of Chinese military leaders, although he maintained with Mukden the normal relations required by the circumstances.

7. When the new State of Manchukuo was formed Jehol was nominally included in its scope, the formal Note in which the Manchurian Government announced its establishment<sup>2</sup> stating that 'the Provinces of Fengtien, Kirin, Heilungchiang and Jehol, the Tungsheng Special District and the Mongolian Leagues under several banners, have united themselves to establish an independant [*sic*] Government'. It is doubtful whether Tang Yü-lin was actually consulted in the matter: it seems unlikely. In any case Jehol has outwardly held entirely aloof from the new State and the Japanese General Staff admitted to the Military Attaché to His Majesty's Embassy in Tokyo, *à propos* of the Ishimoto incident, that 'although the province of Jehol was included in Manchukuo by proclamation the position had never been clearly defined and Tang Yü-lin was still nominally under Peking although he really favoured Manchukuo' (please see Tokyo telegram No. 306<sup>3</sup> of July 20th). What may have been the actual relations between Tang Yü-lin and the

<sup>2</sup> Cf. No. 66, note 3.

<sup>3</sup> Cf. No. 544, note 1.

Japanese and Manchurian authorities I have no means of knowing, but it is probably a safe inference to say that the former wishes merely to remain undisturbed in actual possession of his province as he always succeeded in doing previously. With this object he would no doubt be willing to discuss a *modus vivendi* with the Manchurian authorities should his interest appear to lie in that direction, and, as stated above, information from various sources indicates that the Japanese have been attempting to buy him over. At the same time he has remained in relations with Marshal Chang Hsüeh-liang and his representatives and even his sons have been reported at various times to be in Peking in order to assure the Young Marshal of his loyalty. This loyalty has doubtless not been unequivocal and Tang Yü-lin's attitude provides an element of uncertainty in the situation. This attitude represents, however, to the Chinese nothing more than a typical attempt to maintain equilibrium and no one from the Chinese side is likely to interfere with him as long as he does not openly go over to the Manchurian camp. But the indications are that the Japanese have more definite plans for Jehol and it seems improbable that he will be allowed to maintain for ever his comfortable position with one foot on each side of the fence.

8. The control of Jehol is important to the Japanese in their present position in Manchuria for various reasons, political and strategic. To take the former first, it is part of the historical policy of Japan to include Eastern Inner Mongolia in her sphere of influence, the object of this policy, which was embodied in the agreements respecting South Manchuria and Eastern Inner Mongolia of 1915 and 1917,<sup>4</sup> being presumably, apart from any designs on the eventual exploitation of the country, to place a buffer between South Manchuria and the Russian influences in Outer Mongolia. With the object of extending their influence in Eastern Mongolia, the Japanese have for years been working on the hostility of the Mongolian banners towards the encroachments of the Chinese, who have aimed at, and in the districts of Suiyuan, Chahar, and Jehol to some extent succeeded in, assimilating the Mongol territories to the rest of China; and immediately after the outbreak of September last they started a drive to bring the Mongols into the scheme for an autonomous state in the North East. Representatives of the Mongols attended the convention called in Mukden in February last to establish the new state, and, as recorded above, when the foundation of Manchukuo was announced, the Mongolian Leagues were included in general terms among the participants.

9. The connection of the Mongolian districts with the new régime at Changchun is doubtless very vague; and I learn through Mr. Kinney, the South Manchuria Railway propagandist, that the intention is at present to win the support of the Mongols by assuring to them their independence and to bind them to the new state by way of a friendly alliance or understanding. According to Mr. Kinney such an understanding has been entered into with the Mongol district of Barga in Heilungchiang as well as with a number of

<sup>4</sup> For the texts of these agreements of May 25, 1915, and January 22, 1917, see Mac-Murray, vol. ii, pp. 1220 ff. and 1347 ff. respectively.

the Mongol banners on the confines of West Manchuria, and that many of the Mongols even further to the West were considering throwing off their allegiance to China and affiliating themselves to Manchuria. This is, one may assume, a not unbiassed picture, but there is no doubt that the Japanese are working to win over the Mongols throughout as large an area as possible and for this purpose the control of Jehol, which is still the chief centre of cultural and political influence in Inner Mongolia, would be of great importance to them.

10. On the strategic side Jehol is represented by the Japanese themselves as the channel through which the Chinese are directing guerilla warfare against them in Manchuria. It is impossible to obtain accurate information of the so-called 'volunteer' movement or the extent to which it has been directly engineered, as the Japanese claim, by Chang Hsüeh-liang, but there appears to be no doubt that a number of soldiers from the Northern armies have penetrated into Manchuria with their arms to engage in a campaign of irregular resistance to the Japanese, which has recently, by all accounts, become a very serious thorn in their flesh in Southern as well as in Northern Manchuria. A member of Chang Hsüeh-liang's staff admitted recently that 'we have 50,000 volunteers in Manchuria' and it may be safely assumed that they receive some degree of support in arms and money from China. The infiltration of such hostile elements into Manchuria along the narrow corridor which follows the Peking-Mukden Railway between the hills and the sea past Shanhaikuan and Chinchow, the northern end of which is held by the Japanese troops, would be comparatively easy to check; but the wild country of Jehol which gives access to Manchuria along the whole of its eastern frontier provides a convenient natural channel through which the volunteers can move northward from China proper. The possession of this mountainous province by the Japanese would not only enable them to check the movement of the volunteers but would render the new state of Manchuria impregnable against any invasion by Chinese forces from the south.

11. The Military Attaché to this Legation is of the opinion, however, that Jehol plays an even more important part in Japan's wider strategic aims. In Lieutenant-Colonel Burkhardt's<sup>5</sup> view the province forms the southern buttress of the Japanese army's proposed line of defence against Russia. It is common knowledge that the main Japanese defensive position in Manchuria against an attack by Russia down the Chinese-Eastern Railway would be located on the Hingan range in western Heilungchiang. The mountains of Jehol form the southern end of the Hingan system and, holding them, the Japanese would be in possession of a first-class defensive line from the northern frontier of Manchuria to the sea and would be secure against any turning movement directed against their main position through Mongolia.

12. The above considerations suggest the importance of Jehol in the Japanese scheme. In themselves they might be held to afford only speculative evidence of Japanese designs in this province. But the Ishimoto incident

<sup>5</sup> Lieutenant-Colonel Burkhardt had succeeded Colonel Badham-Thornhill as Military Attaché on June 27, 1932.

and the propaganda put out in connection with it by the Japanese press and by such organs as the Japanese Information Bureau in Tientsin which reflects the views of the local Japanese command on military questions seem to me to show unmistakably in what quarter the wind sits. This propaganda stressed the necessity in certain circumstances for drastic action against Tang Yü-lin and seemed clearly to be preparing the public for an attack on Jehol in precisely the same way as the Japanese press has laid the basis for the various other stages of the Japanese adventure. And although the danger seems to have blown over for the moment, I feel that it has not passed, and that unless some kind of an understanding between the Chinese and Japanese is first arrived at, we must expect to see sooner or later further attempts by the latter to obtain control of Jehol either by political or by military methods.

13. On the Chinese side the seizure of Jehol by the Japanese would clearly be a serious blow. Apart from the loss of influence over Inner Mongolia which it would entail (and there are indications that the Chinese are at present seriously exercised over the attitude of the Mongols), a further advance of Japanese aggression outside Manchuria would, in the present state of public sentiment, deal a most untimely injury to the prestige of the Government at Nanking. More important than this, however, would be the effect on the political situation in North China. The passes from Jehol directly command Peking and with these in the hands of the Japanese, Peking would at once become untenable except on their sufferance. This city remains a kind of informal capital of North China and is the centre of political influence in the north. Recently while Chang Hsüeh-liang and Chiang Kai-shek have been working together, the position of the former in Peking has ensured to Chiang at least the passive loyalty of the north. Were Japan to dominate Peking it would be difficult for the Government at Nanking to exercise any control over North China unless it suited the Japanese that they should do so.

14. The vital importance of Jehol to the ruler of Peking was reflected on the occasion of the Ishimoto incident in the immediate despatch by Chang Hsüeh-liang of six brigades of troops<sup>6</sup> to the foot of the passes as soon as the Japanese threat to the province was reported. At the moment of writing I am informed that Chang's resignation has been accepted and that his duties as Pacification Commissioner of the North are to be taken over by a military commission, including representatives of Chiang Kai-shek.<sup>7</sup> The elimination of the Young Marshal, whether it was so intended or not, may possibly be regarded as a conciliatory move by the Japanese, who have always looked upon him as their arch-enemy, and have identified him with the conduct of the volunteer movement in Manchuria. Logically, therefore, it should *pro tanto* ease the situation and diminish the likelihood of a Japanese attack on Tientsin or Peking. But so long as the Marshal's troops remain in being and his personal elimination does not also involve that of his immediate entourage (Chief of Staff and subordinate military and civil personnel), I

<sup>6</sup> Cf. No. 550.

<sup>7</sup> Cf. No. 607.

must confess to doubts that the Japanese will regard the event as producing any fundamental alteration in the situation.

I have, &c.,  
E. M. B. INGRAM

## No. 612

*Record by Mr. Ingram (Peking) of a conversation with Mr. Nakayama<sup>1</sup>*

[F 7256/27/10]

PEKING, August 16, 1932

### *North China Situation*

In the course of a conversation with Monsieur Nakayama, of the Japanese Legation, this morning, he discussed the situation arising from the Young Marshal's resignation and asked me if I understood at all how authority would henceforth be exercised in this area. I told him that, as far as I understood the matter, the Young Marshal's resignation would result in authority devolving upon two bodies—the Military Council, and the Political Council. As to the origin of these two bodies I was not quite clear, but I was satisfied that they existed. Anyhow, official reports from Nanking yesterday gave details as to the composition of the Military Council, and I showed him Reuter's telegram containing the names. M. Nakayama pointed out that the list<sup>2</sup> contained the names of the Young Marshal's Chief of Staff, General Yung Tsin, and other relics of the former Mukden régime. He indicated plainly that though the Young Marshal might be eliminated from the scene, his departure was not going to involve either the disbandment of his troops or the personnel responsible for coordinating their military activities, and that this development was unlikely to be considered satisfactory by the Japanese authorities. He told me that when he had heard of the Young Marshal's resignation he had been to see him and pointed out to him the danger which might arise to foreign lives and property, especially Japanese, in the event of troubles resulting from his departure, but that the Young Marshal had assured him that order would be maintained and that he need have no fears. I told M. Nakayama that the Young Marshal had sent me a similar message<sup>3</sup> and that at the moment indications pointed to their [*sic*] being no untoward circumstances attending his elimination from the scene.

E. M. B. INGRAM

<sup>1</sup> A copy of this record was received in the Foreign Office on October 7 as enclosure in Peking despatch No. 1096 of August 23.

<sup>2</sup> A copy of this list was received in the Foreign Office on October 20 as enclosure in Peking despatch No. 1150 of September 5.

<sup>3</sup> See No. 602.



*Sir J. Simon to Mr. Ingram (Peking)*

*No. 173 Telegraphic [F 6208/7/10]*

FOREIGN OFFICE, August 17, 1932, 2.5 p.m.

Repeated to Government of India No. 12.

Your telegram No. 562<sup>1</sup> (of 13th August).

Please inform the Chinese Government in the first instance, in response to their representations, that the arms at present being supplied to the Tibetan Government merely represent part of the arms which the Government of India agreed to supply in 1921 for use only for self-defence or internal police work, and add as assurance that no further arms will be supplied unless Government of India are satisfied that Tibetan Government will use them exclusively for these purposes.

You should then take occasion to make representations in the sense desired by the Government of India (see Government of India telegram of 10th August, [No.] 1775).<sup>2</sup> In doing so you should bear in mind the danger that the Chinese Government may make the present situation and your representations an opening for raising controversial matters regarding the status of Tibet. It is important that you should if possible avoid discussions of this question and therefore your representations should be as general as possible. You should lay stress on the friendly desire of His Majesty's Government in the United Kingdom and the Government of India to offer their good offices with the object of arranging an armistice and preventing further fighting,<sup>3</sup> avoiding any reference to such subjects as the special interests of the Government of India in Tibet in a manner which might call in question the claims of the Chinese Government to suzerainty over Tibet and deprecating any theoretical discussion of this nature, if the Chinese seem disposed to embark on it, as being unlikely to assist in attaining the practical object, viz. cessation of hostilities, which His Majesty's Government are anxious to see achieved. There would on the other hand be distinct advantage in referring to the 1918 precedent as you suggest. You should inform Chinese Government that Colonel Weir, Political Officer in Sikkim, is proceeding to Lhasa at the invitation of the Tibetan Government and that he will use his influence solely in the direction of a restoration of peace.

Please instruct His Majesty's Consul-General at Chungking to report by telegram, repeating to Government of India, any available information regarding future developments and the present situation with particular reference to the possibility of ascertaining which side was the aggressor and whether the Chinese forces are acting under the authority of the Chinese Central Government.

<sup>1</sup> No. 606.

<sup>2</sup> Not printed: cf. *ibid.*, notes 1 and 2.

<sup>3</sup> Mr. Ingram's telegram No. 566 of August 15 to the Foreign Office (received 5.45 p.m.) said that the Tibetan interpreter at Tachienlu had reported that the commander of the Tibetan forces had requested an armistice but the Chinese commander had not consented, suspecting a ruse to gain time for reinforcements.

No. 614

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 174 Telegraphic [F 6169/5851/10]*

FOREIGN OFFICE, *August 17, 1932, 3.20 p.m.*

My telegram No. 166<sup>1</sup> (of August 10th: Japanese Legation Guard).

United States and Italian Governments are prepared to join in representations locally should the need arise. French Government are disposed to agree in principle if the occasion arises but prefer to await events before definitely committing themselves.

Repeated to Rome No. 44 Saving.

<sup>1</sup> No. 593.

No. 615

*Mr. Ingram (Peking) to Sir J. Simon (Received October 13)*

*No. 1060 [F 7392/310/10]*

PEKING, *August 17, 1932*

Sir,

In his despatch No. 1115 of the 3rd August, 1930,<sup>1</sup> His Majesty's Minister collated the evidence at that time available regarding communist activities in China and made an attempt to estimate the real character and importance of the communist movement in the country. His general conclusion was that, although evidence existed that a definitely communistic régime had been set up in certain districts and with it a certain order and discipline established after a reign of terror and that the attempt was being made by the Chinese Communist Party aided and abetted from without to build up a Communist organisation over a wide area, nevertheless there was little doubt that the movement was for the most part organised brigandage on a large scale masquerading as communism. All that could be said with any certainty was that large parts of the provinces of Kwangtung, Kwangsi, Kweichow, Fukien, Kiangsi, Hunan and Hupei constituted an area in which the writ of the Central Government no longer ran and where there was in fact neither constituted authority nor security for life or property. It may be of interest to re-examine the position at the present time and see how it compares with the foregoing picture which was presented just two years ago.

2. It is now, as it was then, extraordinarily difficult to obtain a clear idea of the situation owing to the lack of competent observers in the areas affected and to the prevalence of rumour and propaganda, magnifying and distorting the evidence. Now and again however incidents occur, such as the arrest of the Noulens<sup>2</sup> or the capture of a missionary, which focus a strong light on

<sup>1</sup> Not printed.

<sup>2</sup> Mr. and Mrs. Ruegg (alias Noulens), organizers of the Pan Pacific Trade Union, had been arrested in the International Settlement of Shanghai in February 1932; cf. 262 *H.C. Deb.* 5 s., cols. 216-17, and paragraphs 4 and 21 below.

particular aspects of communist activity, and enable the truth of the general impressions obtained from other sources, such as Consular and News Agency reports, to be tested (I should perhaps interpose here that for the facts cited in the following paragraphs I have largely drawn on the excellent monthly Intelligence Summaries prepared by the North China Command General Staff at Shanghai).

3. The provinces which are at the present time chiefly affected by Communist-bandit activities are Hupei, Honan, Anhui, Hunan, Kiangsi, Fukien and Kwangtung, that is to say the very heart of China. It would be an exaggeration to say that the whole of this enormous area is in the hands of the Communists, but it is no exaggeration to say that there are territories hundreds of miles in extent which are either under the actual and exclusive control of the Communist hordes, or lie absolutely at the mercy of sudden raids by them. In the despatch to which I have already alluded reference was made to the fact that there were said to be at that time no less than fourteen Communist armies, either in being or in the making, scattered up and down this area. Subsequent events have confirmed the substantial truth of this statement (with all reserve, of course, as to their genuinely communist character), but, whereas at that time the unit was the 'Red Army,' there has more recently been some reorganization, a certain number of the 'Red Armies' being amalgamated to form 'Red Army Groups'. So far as is known these Communist hordes are at present distributed as follows:

- 1st Army Group: Southern Kiangsi and South West Fukien.
- 2nd Army Group: Hupei.
- 4th Army Group: North East Hupei, Honan and West Anhui.
- 3rd and 8th Armies: Kiangsi-Hunan border.
- 13th Army: Taichow in Chekiang.
- 16th Army: Kiangsi-Anhui-Chekiang borders.

4. To what extent these 'Red Armies' are really communist or really organised on military lines it is impossible to establish with any certainty, and I can add very little on this point to the remarks contained in the despatch under reference which, except in matters of detail, are as true today as they were two years ago. Undoubtedly there is a strong leaven of communistic ideas in some areas, and it is certain that Chinese trained in the special propaganda schools in Russia have been poured in in large numbers (as is shown by the Noulens papers) but it is equally beyond doubt that in other cases communism is a mere cloak for organised banditry. If there is any central control over the 'Red Armies', such as is claimed by the Political Bureau of the Chinese Communist Party, it is of the very shadowiest description. Each horde occupies its own particular area by right of seizure and would almost certainly hold it by force against any other horde which attempted to enter it, and it is difficult to believe that these 'Armies' are armies in the real sense, to be moved about and used in combination for a common purpose. It is said nevertheless that the main groups are in wireless communication with each other and it is probably true that there is some sort of

co-operation between them in face of the common enemy. At any rate, they take *some* interest in the doings of each other, for posters and notices issued by one group frequently refer to the glorious exploits of 'our comrades' in other areas. That the Third International also interests itself in these Armies and supplies them with Russian-trained advisers and with unlimited quantities of exhortation, paper schemes of organisation, rules and regulations is amply proved by the Noulens documents, and that organisation is also said to supply some of the Armies with funds, notably the Third and Fourth Army Groups which are composed chiefly of deserters from the Government forces and are therefore regarded as more hopeful material than the other groups which are composed of bandits and untrained peasants. One specimen of the Noulens documents is attached,<sup>3</sup> in order to show the nature of the advice supplied and the manner of supplying it by the agents of the Third International.

5. In addition to the 'Red Armies' there are at numerous points in the Communist country 'Soviet Governments' which are attempts more or less genuine to put the doctrines of Marx into operation through a district or county area. Some of these, such as that of Kienli in Hupei, seem to be working with considerable success and to have the hearty support of the country people, but there is not sufficient information available with regard to them to enable generalisations to be made. Some of these Soviet Governments will be referred to in succeeding paragraphs.

6. North of the Yangtze the two main Communist hordes are the 2nd and 4th Red Army Groups, comprising somewhere about 75,000 men in all. The boundary between their territories seems to be the Peking-Hankow Railway line which, though not occupied by either group, is the object of frequent raids in which trains are looted, bridges damaged, stations burnt &c. That raids on the railway are not more frequent is probably due to the fact that it is now used only by the poorest class of traffic which offers small opportunity for plunder.

7. At the end of June a party from the 4th Army Group raided Chikungshan, a summer resort in the hills just north of the Honan-Hupei border, and captured some American missionaries and their families.<sup>4</sup> The women and children were almost immediately released, but the two men of the party were carried off into the Communist country. They were closely questioned concerning their origin, the missionary organisations to which they belonged and their attitude towards communism. Their answers were thereupon considered at a conference of Soviet leaders which was convened to decide what disposition was to be made of them, and eventually they were informed that as they were both members of the Soviet-authorized classes (one had been a carpenter and the other a farmer), and as furthermore it had been ascertained that they belonged to poor missions and had done nothing which showed hostility to Communism, they would both be released. This promise

<sup>3</sup> Not printed.

<sup>4</sup> Reported by Mr. Ingram in Peking telegram No. 441 of July 5 to the Foreign Office, not printed. Cf. *F.R.U.S.* 1932, vol. iv, pp. 519-21.

was shortly afterwards carried out, the captives being conducted to the edge of the Communist controlled area and given a sum of money sufficient to take them to Hankow. Before they were released however one of the Soviet leaders lectured them on Soviet principles; he further told them that the immediate object of the Soviets in China was to develop and consolidate their areas and that when they were stronger they aimed at capturing Hankow and taking possession of the whole country. The captives met the chief of the Communist group, a General Chen, who, they learnt, was a graduate of Whampoa Academy and had studied in Germany and also attended a Congress of the Third International in Russia. He commanded the 26th, 27th and 28th Divisions of the Chinese Red Army, and according to the captives these forces were well disciplined and equipped, while the people in the Soviet area seemed happy and contented with the Soviet form of government. General Chen, referring to two other missionaries (Mr. Nelson and Mr. Ferguson)<sup>5</sup> who had been seized by the same Army Group, said that the Communists were not prepared to negotiate for the release of either of them, as they were both hostile to communism; he added however that they had no physical harm to fear and were simply being held temporarily.

8. In the month of May the same Fourth Red Army Group, which had been extending its area of operations eastwards into Central Anhui, occupied Lu An and Cheng Yang Kwan, and at the latter place captured a British missionary, Mr. Ferguson (see preceding paragraph), whom they removed to what was described as the 'Headquarters of the Soviet Government of China' at Kwanghsien in the south of Honan. (It may be mentioned in passing that a number of other Soviets similarly claim to be the headquarters of the Soviet Government of China.) A letter was subsequently received from Mr. Ferguson by His Majesty's consul at Nanking.<sup>6</sup> In this he said that his captors alleged as the grounds of his arrest that he was opposed to the Soviet Government and had helped to organise forces against it, though he was unaware of having ever taken part in such activities. He was writing, he continued, as a result of a conference with the Soviet leaders in order to explain the policy of the Soviet Government: the latter was prepared to enter into diplomatic relations with foreign nations on certain conditions, namely (1) that foreign nations would recognise that the Soviet Government of China was contending for the freedom, independence and unity of China and (2) that they would withdraw all military and naval forces from Chinese territory and Chinese waters. On these terms the Soviet Government was prepared to negotiate with foreign nations on all questions regarding foreign relations with China, and foreign business men, missionaries, travellers &c. would then be allowed full personal freedom in China provided they observed

<sup>5</sup> For correspondence relating to the Revd. B. N. Nelson, an American missionary kidnapped on October 5, 1930, see *F.R.U.S.* 1931, vol. iii, pp. 934-77 *passim* and *F.R.U.S.* 1932, vol. iv, pp. 470 ff. The capture of the Revd. H. S. Ferguson was reported by Sir M. Lampson in Peking telegram No. 266 of May 18, 1932, to the Foreign Office, not printed; cf. 266 *H.C. Deb.* 5 s., col. 552.

<sup>6</sup> A copy of this letter of May 30 was received in the Foreign Office on August 18 as enclosure in Peking despatch No. 819 of July 5.

the laws of the Soviet Government and refrained from any propaganda or other action against it. Mr. Ferguson added that the Soviet leaders were seeing that he was well treated, a fact which was confirmed by a Chinese employee of the Flood Relief Commission who was allowed to visit him.

9. The distance between Chikungshan, where the American missionaries were captured, and Cheng Yang Kwan, where Mr. Ferguson was captured, is roughly 150 miles; the distance from Kwanghsien in the north to Hwangmei, which is about the southernmost point of the Fourth Army Group area, is roughly the same. Here then is a territory of about 20,000 square miles which is dominated by this one Communist horde. But even this does not give a correct picture of the situation for it should be realised that the Communist belt is extended westwards by another communist horde, the 2nd Red Army Group, and that eastwards, between the Tientsin-Pukow line and the sea the country swarms with bandits and communists who so far as is known do not belong to any definite Army Group.

10. In the Second Red Army Group area there is what appears to be a strongly established Soviet organisation based on the District City of Kienli. It was by this group of Communists that Father Sands and Captain Baker were captured<sup>7</sup> and interesting particulars regarding it were obtained by Mr. Andrew of the Flood Relief Commission (who negotiated the release of the captives) and were transmitted to this Legation in Hankow despatch No. 21 of the 9th April, a copy of which was sent to the Foreign Office.<sup>8</sup> The Flood Relief Commission officials, in order to carry on their dyke-building programme in this area, were compelled to negotiate with the Presidium of the local Soviet, and both they and Father Sands expressed the view that the communist régime was taking a firm foothold in the district. They also found many Chinese among the communists with considerable experience of Russia.

11. South of the Yangtze, Hunan, which has always been a trouble centre in China and was the first of the provinces to become permeated with the Communist virus, had been subjected before the outbreak of the Sino-Japanese troubles to a somewhat vigorous cleaning up on the part of the Government forces and now has to yield pride of place as a centre of Communist activities to its eastern neighbour Kiangsi. Nevertheless, the hilly country west and south of the province is the home of bandit gangs who descend and ravage the low-lying country as opportunity offers, while the eastern borders are within the area of the Kiangsi communists to whom reference will now be made.

12. With the breakdown of the anti-Communist campaign at the end of last year the Government forces in South Kiangsi were withdrawn and concentrated round Changsha, Fengcheng, Nanchang and Kiukiang. Practically the whole of the remainder of the province of Kiangsi was abandoned to the Communists. The north-west of the province was the territory of the

<sup>7</sup> In August 1931 and January 1932 respectively; see *The Times*, November 30, 1931, p. 11, and January 20, 1932, p. 11; cf. also *F.R.U.S.* 1932, vol. iv, pp. 466 ff.

<sup>8</sup> Received on June 1 as enclosure in Peking despatch No. 467 of April 22.

8th Red Army, the north-east was in the grip of parts of the 16th Red Army, while the whole of the south, including the Kiangsi-Kwangtung border, together with the south-west corner of Fukien, was occupied by the 1st Red Army Group, the seat of the local Soviet Government being at Juikin. To the north-east of this group were the ex-25th and 27th Government Divisions under Sun Lien-chung which had gone over to the Communists and had drifted across from Kiangsi in order to carve out a territory for themselves.

13. The Nanking Government which was very uneasy with regard to the Communist situation but had its hands full with the Japanese in Shanghai, appointed the Governor of Kwangtung, General Ch'en Chi-tang, to be Bandit Suppression Commissioner for the South Eastern Provinces and gave him *carte blanche* to deal with the Communists as best he could. Early in March his much-heralded campaign commenced and achieved at first a certain amount of success. The main Kwangtung force advanced towards Kanchow in Kiangsi, while a secondary force had Tingchow in Fukien as its objective, the plan being that both forces would then advance on Hingkuo, in the heart of the Communist country. At the end of two months the preliminary objectives had almost been attained, but then Ch'en Chi-t'ang became involved in a private war of his own with the Cantonese Navy<sup>9</sup> and withdrew his troops from Kiangsi and Fukien so that the anti-Communist campaign once again came to a halt. Before this however a mixed force of 2,000 Communists and the 10,000 ex-regulars under Sun Lien-chung, paying apparently no attention whatever to the Kwangtung forces which were behind them, moved down towards the coast of Fukien. Defeating the regular troops sent against them, they occupied the important town of Changchowfu in South Eastern Fukien. They seemed to be on the point of striking at Amoy when they stayed their advance, deterred perhaps as much by the presence of the foreign warships as by the strength of the land defences, and with the arrival of portions of the 19th Route Army from Shanghai at Amoy in June the Communists began to withdraw to their fastness in the west of Fukien province.

14. According to recent reports from this area, the 19th Route Army are solidly establishing themselves around Amoy and are fully determined to maintain their reputation as giant-killers by breaking the power of the Communists and bandits in Western Fukien. They may perhaps, if supplied with ammunition and finance, succeed in driving the Communists back to Kiangsi, but they cannot hope to do more than that unless seconded by the Nanking forces from the North and the Canton forces from the South. The magnitude of the problem will be appreciated if it is realised that for a distance of more than 300 miles from East to West—from the centre of Fukien to the eastern marches of Hunan—the country is with one interval completely under the domination of the Reds. By this I mean that those parts which are not actually in the occupation of communist armies are at the mercy of their raids, and the Chinese Government is powerless to intervene.

15. In North Fukien of course banditry is nothing new, but there has been

<sup>9</sup> Cf. No. 546, note 1.

a gradual deterioration until merchants are ruined and the peasants impoverished to such an extent that large areas are left uncultivated and trade is at a standstill. Every district is taken in turn, sucked dry and abandoned, and the only places free from bandits are those which have been so continuously raided that no more loot is available. The marines and Provincial troops in this area seem to be bad, judged even by Chinese standards, and His Majesty's Consul at Foochow reports that their one aim is the collection of funds for their own support and not the protection of the countryside against bandits or communists. His enquiries had produced no information of any conflict between the troops and the latter although hills in bandit or rebel occupation could be seen from the consulate windows. It is, as he points out, difficult to conceive of an attitude on the part of the military better calculated to induce the population to welcome a change of régime even though it entailed a Communist one.

16. The Communist territory to which reference has been made in the preceding paragraphs overflows into Kwangtung, the extent of the penetration at any given time being in exact relation to the relaxation by the Kwangtung Government of its anti-Communist campaign. Apart, however, from this Communist penetration on the Northern frontier there is, between Swatow and Hongkong, a belt of hilly country where is situated the oldest Soviet community in China, that of Swabue, to which reference was made in paragraph 8 of the despatch which I have already cited. When Messrs. Edwards and Andreyanow, the lighthouse keepers at Breakers Point, near Swatow, were captured by Communists in February<sup>10</sup> it was to this area that they were removed. The officer in command of the Chinese forces charged with the task of rescuing the captives, in explaining his unsuccess to His Majesty's Consul at Swatow, said that to achieve any results from a military point of view was immensely difficult as the country consisted of range after range of wooded mountains; the whole area had been sovietised for six years and all the people were infected with communist ideas; no one would betray anything or give the government troops any assistance; the communists had an intelligent and organised government in the area, were in wireless communication with the communists of Kiangsi and Fukien and were well supplied with machine guns. It is interesting to note that whereas the captors of the two lighthouse keepers described themselves as members of the 6th Red Army, the letter to Mr. Edwards' father demanding ransom came from the 'Soviet Government of Chaoyang-Puning-Huilai Districts' and the proclamation sentencing the prisoners to death was issued in the name of the 'Military Council of the Tungkiang Workers and Peasants Revolutionary Army' and was countersigned by the 'Commissar of the Autonomous Soviet of Huilai'. In other words, the prisoners were seized by the military branch, turned over to the civil branch which then handed them to the 'Military Council' for trial and punishment. This presupposes an organisation of a very much higher standard than that of the ordinary run of bandit gangs.

<sup>10</sup> See 262 *H.C. Deb.* 5 s., cols. 1775-6.



17. From the foregoing it will be seen that the Communist-bandit problem is essentially a problem of Central China. The area involved will be more clearly understood if reference is made to the attached sketch map<sup>11</sup> (which I have adapted from one which appears in the General Staff Intelligence Summaries). It should be explained however that the areas here shown in red are those only which are in the occupation of the so-called Red Armies, but apart from these there are huge areas which are overrun by bandits pure and simple and where the ordinary traveller would take his life in his hands. West Kwangtung, South Chekiang, North Kiangsu, and large portions of Honan, Shansi, Hopei and Shantung are such areas.

18. The attached map clearly illustrates one aspect of the situation as it is at the present time and that is that the small area under the effective control of the Nanking Government is almost completely encircled on the landward side by a much larger area where Communist influence is paramount. Through this red band the Nanking Government still maintains two outlets, the lines of the Tientsin-Pukow Railway and the line of the Yangtze River. The first gives them access to North China (though only at the cost of heavily guarding the line and carrying armed guards on the trains) while the latter gives them access to Hankow where the area not under Red control is now reduced to a few miles round the Han cities. Although traffic of sorts is maintained on the Peking-Hankow Railway, the latter is, as already stated, at the mercy of the Communists, who cut the lines and attack the trains at will.

19. There is no doubt that the Nanking Government are very seriously perturbed about the situation, but the whole matter is so complicated by the shortage of funds to pay the troops, the lack of centralised control and the disastrous personal jealousies among the leaders that it is difficult for any effective action to be taken. Nevertheless something has been done. At the end of May Chiang Kai-shek was appointed Commander-in-Chief of the Bandit Suppression Forces of Honan, Hupei and Anhui, with Li Chi-shen as Vice-Commander-in-Chief. Chiang presided over a Bandit Suppression Conference at Kuling in the second week of June and then proceeded to Hankow where he established his headquarters and has since been holding conferences with the local district magistrates, collecting and disposing the various Divisions for the intended attack on the Red Army groups, and endeavouring to raise the necessary funds for the maintenance and payment of the troops or—in the alternative—to induce them to fight without payment. Li Chi-shen, the Vice-Commander-in-Chief, has made his headquarters at Pengpu in Anhui. General Tsai Ting-kai, the Commander of the 19th Route Army, has been placed in command of all troops in Fukien Province, and, as already stated, this force appears to be tackling its work in an efficient and business-like way. In the South, General Ch'en Chi-t'ang, having temporarily settled his quarrel with the Navy, at the beginning of July turned his attention again to the Communists who had in the meantime been moving southwards and had occupied the town of Namhung. This advance

<sup>11</sup> Not reproduced.

has apparently now been stemmed and latest reports are to the effect that the Communists have been driven out of Kwangtung back into Kiangsi.

20. If only the Chinese leaders could put aside their private quarrels and jealousies for once I have little doubt that a combined effort such as is here indicated would succeed in breaking up the Red Army Groups and at least free the arteries of communication and allow trade to move again. But for the restoration of peace and order such as would enable the enormous government garrisons to be withdrawn something more than this is necessary. T. V. Soong in his resignation statement<sup>12</sup> showed that he had a glimpse of the truth when he said: 'Are banditry and communism purely military phenomena and could we hope for quick success by an old-fashioned and costly military drive? Have not banditry and communism thriven on political, military and economic maladjustments, and will they not respond better to a systematic if unspectacular combination of politico-military economic treatment?' I feel convinced in my own mind, and there is ample evidence to support me, that communism in China is only to a small extent a matter of conviction and to a very great extent a matter of economics. Communism and banditry thrive on distress and misgovernment. They have thriven in China owing to the failure of the Government to perform the elementary functions of government protection, administration of justice, relief of distress and so on. Through a large part of the country the condition of the farmers is desperate. The disastrous floods of last year, the Sino-Japanese hostilities, the failure of the cocoon crops are but some of the factors which, coming on top of years of civil war, have caused destitution over wide and scattered areas. It is now necessary not only to break up the communist armies and organisations; it is essential also on the one hand to rebuild the fabric of government which has completely broken down in many parts of China and on the other to alleviate the economic distress, whether by helping farmers to re-establish themselves or by furnishing funds for construction of roads, dykes and river embankments as was done to such good effect by the Flood Relief Commission. There can be no doubt that in at any rate some areas under Soviet control the common people are enjoying a standard of government and material comfort considerably higher than anything they have been accustomed to in the past under Chinese officialdom,<sup>13</sup> and the Chinese Government must now be prepared to give at least as good as that which they take away.<sup>14</sup>

<sup>12</sup> On August 9; cf. No. 596.

<sup>13</sup> The words 'Chinese officialdom' were underlined on the filed copy: a marginal note reads: 'It is only fair I think to say this means, for the past fifteen years, the "Chinese military men". They have been the self-seeking villains of the piece. 22/10 A. L. S[cott].'

<sup>14</sup> In a subsequent despatch, No. 1071 of August 19 to the Foreign Office, received October 25, Mr. Ingram transmitted the following comments of August 13 by Lieutenant-Colonel Burkhardt (see No. 611, note 5) on a recent Chinese newspaper account of the operations against the 'so-called Red Bandits on the borders of Anhwei, Honan and Hupeh': 'It is a rather naïve admission of the complete incompetence of Chinese Government troops to deal with a situation which has probably arisen from the very presence of these troops and the rapacity of their commanders.'

'Up to date the bandits seem to have had much the better of the exchanges, and it remains

21. In this despatch I have dealt with the militant and overt aspect of communistic activities in China. There is of course another aspect of these activities, the secret propaganda and organisation in the industrial areas, but this seems for the time being to have faded into the background and there has been little news of such activities during the past year or so. It may be that the Chinese Communist Party is concentrating on the 'agrarian revolt' as represented by the 'Red Armies' and the Soviet districts, or more probably that communist agitation in the industrial districts has become more difficult in view of the watchfulness of the police. The organisation of industrial agitation needs a master hand and funds in plenty and it may be that these are not available. The arrest of Noulens too and the seizure of his archives was a severe blow to the parent organisation and it is easy to believe that it is in part responsible for slowing down communist progress in the industrial areas.

I have, &c.,  
E. M. B. INGRAM

to be seen whether Chiang Kai Shek's personal efforts will be an improvement on the series of reverses which have been sustained by the various Pacification Commissioners who have hitherto proved a veritable arsenal to their opponents.'

No. 616

*Memorandum on the Sino-Tibetan situation by Mr. MacKillop*

[F 6311/7/10]

FOREIGN OFFICE, August 17, 1932

I promised Dr. Chen, Counsellor of the Chinese Legation, that I would inform him when we had sent His Majesty's Chargé d'Affaires instructions as to the reply to be returned to the Chinese Government's representations about the supply of arms to Tibet. I accordingly telephoned to him to-day to say that we had sent a telegram of instructions to Mr. Ingram.<sup>1</sup> Dr. Chen asked if he might call and be told what the instructions were. After obtaining Mr. Orde's authority I asked him to call and, when he came this afternoon, I told him textually what reply Mr. Ingram would return to the Chinese Government as regards the supply of arms. I added that His Majesty's Government were anxious to do what they properly could to help to compose the dispute, and Mr. Ingram had been asked to offer the general good offices of His Majesty's Government with this end in view.

Dr. Chen observed that the term 'self-defence' was an elastic one and feared that the Chinese Government might take exception to it. I said that I agreed that the precise meaning of every term of this nature was open to argument, but purely theoretical discussions of the meaning of words seemed hardly profitable and it seemed to His Majesty's Government that more practical good would be likely to result from an effort to bring to an end

See No. 613.

the existing hostilities than from a debate of this kind. They hoped that the Chinese Government would accept the offer of co-operation for that purpose which was being made to them through Mr. Ingram.

Dr. Chen observed that the Government of India were evidently determined to stand by the agreement of 1921. I said that no other course seemed to me to be open to them than to carry out their agreement, but I drew attention again to the conditions subject to which the arms were being supplied.

Dr. Chen asked whether his Minister could have, for his information, a copy of the agreement of 1921. I said that I would enquire and let him know.

D. MACKILLOP

No. 617

*Sir F. Lindley (Tokyo) to Sir J. Simon*

*No. 428 [A 6154/2277/45]*

CHUZENJI, August 18, 1932

Sir,

On receipt of your despatch No. 334<sup>1</sup> (A 2589/2277/45) of the 30th April last relative to the question of despatching additional moveable armament to Hong Kong, I addressed a Note to the Japanese Minister for Foreign Affairs in the sense desired by you.

<sup>1</sup> This despatch, and the similar one *mutatis mutandis* to Washington, is preserved only in the following draft form in Foreign Office archives: 'The Army Council have had under consideration the question of despatching additional movable armament to Hongkong.

'2. It will be recollected that the United States and Japanese Governments agreed in 1923 that thirty-three field pieces might be added to the mobile armament of Hongkong.

Sir H. Chilton [H.M. Charge d'Affaires  
In 1925, before the despatch of the first consignment, Sir C. Eliot [H.M. Ambassador at

Washington] was instructed by telegrams Nos. <sup>161 and 172</sup><sub>121 and 132</sub> of the 9th and 28th July res-  
Tokyo]

pectively to inform the <sup>United States</sup><sub>Japanese</sub> Government that seventeen of the thirty-three pieces authorised were about to be sent to Hongkong, and that of these seventeen pieces four would be 3-inch anti-aircraft field guns on movable mountings.

'3. The Army Council now propose to complete the total of the mobile armament to the agreed figure of thirty-three pieces. Accordingly as soon as complete equipment is available, which under present arrangements will not be before the end of June, six three-inch anti-aircraft guns will be sent to Hongkong, and, as opportunity offers, ten further three-inch anti-aircraft equipments will follow. In view of the undertaking given to the Government to whom you are accredited as a result of the instructions contained in the telegrams quoted above, I shall be grateful if Y.E. will inform the <sup>United States</sup><sub>Japanese</sub> Government of the steps which the Army Council now propose to take to send the balance of the thirty-three pieces to Hongkong.'

2. I have now the honour to transmit to you herewith copy in translation of the reply which I have received from Count Uchida on this subject.

3. You will observe that, in the last sentence of his Note, Count Uchida states that the Japanese Government understand that His Majesty's Government agree to the three points cited in the last paragraph of Baron Ijuin's Note No. 143 of December 1st, 1923,<sup>2</sup> which formed the enclosure to Sir Charles Eliot's despatch No. 562 of December 7th, 1923.

4. A careful search of the archives of this Embassy reveals that no reply has been returned by His Majesty's Government to the Japanese Government on this subject, and I presume that the reasons which made it inadvisable or unnecessary to reply in 1923 still hold good.

I have, &c.,

(for His Majesty's Ambassador)

ALVARY GASCOIGNE

ENCLOSURE IN No. 617

*Note from Count Uchida to Sir F. Lindley*

*No. 110*

*Translation*

*August 11, 1932*

Sir,

I have the honour to acknowledge receipt of Your Excellency's Note No. 78 of 4th June,<sup>3</sup> in which Your Excellency states, with reference to the increase by 33 pieces of the mobile armament of Hong Kong, that Sir Charles Eliot, in his Note of 15th July, 1925, had informed Baron Shidehara that of these 33 pieces 17 would then be sent to Hong Kong, and that in the event of the remainder being added in the future a further communication would be made to the Japanese Government. In this connection Your Excellency informs me that the British Government have now decided to complete this mobile armament up to the total of 33 pieces, and that, as soon as complete equipment is available, which would not be before the end of June, six 3-inch anti-aircraft guns will be sent to Hong Kong, a further ten 3-inch anti-aircraft guns to be sent later as opportunity offers. Your Excellency further informs me that a similar communication is being made to the United States Government.<sup>4</sup>

I have the honour to inform Your Excellency in reply that the view of the Japanese Government regarding this matter has already been clearly stated

<sup>2</sup> See note 5 below.

<sup>3</sup> Cf. paragraph 1 of Sir F. Lindley's despatch above.

<sup>4</sup> In reply to this communication, Mr. Stimson, in a note of June 6 to H.M. Ambassador at Washington (copy received in the Foreign Office on June 20 under Washington covering despatch No. 933 of June 8), confirmed the views expressed by the U.S. Government in 1922 that they were 'inclined to consider such addition as not inconsistent with the provisions of the Washington Treaty Limiting Naval Armament'.

in Baron Ijuin's reply (Note No. 143)<sup>5</sup> of 1st December, 1923, and that they still adhere strongly to that view. Accordingly the Japanese Government have received Your Excellency's communication with the understanding that the British Government, in making this increase by 33 pieces of the mobile armament of Hong Kong, are in agreement with the three points given in the final paragraph of the Japanese Government's reply under reference.

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.<sup>6</sup>

YASUYA UCHIDA

(*Count, Minister for Foreign Affairs*)

<sup>5</sup> This Note from the Japanese Minister for Foreign Affairs concluded: 'In short, regarding the question as one of treaty interpretation, the Imperial Japanese Government regret that they are unable to discover any grounds for withdrawing the objection [to H.M. Government's proposal to increase the mobile armament of Hong Kong defences] . . . But bearing in mind that the case of Hongkong is peculiar owing to its position adjacent to China which is not a party to the Naval Treaty [of 1922]; believing, moreover not only that the project in question is designed exclusively for purposes of defence on the land side but also that the protraction of arguments on a question of treaty interpretation of this kind is undesirable in view of the cordial relations existing between our two countries, if the British Government will agree to the following points, the Imperial Japanese Government are prepared to regard the present case as a measure of expediency on the part of His Majesty's Government to meet the peculiar circumstances above mentioned, and will cease to uphold their objections:— 1. The Imperial Japanese Government maintain their previously expressed views in so far as the question is one of treaty interpretation. 2. The field guns for replacement purposes and the thirty three additional field pieces shall not, in the matter of their pattern and calibre, be of such a nature as to augment materially the seaward defences. 3. This case shall not constitute a precedent in the matter of the interpretation of Article 19 of the Naval Treaty.'

<sup>6</sup> Minutes on the file by Mr. Caccia (a member of the American Department of the Foreign Office), Mr. Orde, Sir L. Oliphant (an Assistant Under-Secretary of State), and Sir R. Vansittart read: 'No reply was returned to the Japanese Govt. in 1923 because the S. of S. was of the opinion (and the W[ar] O[ffice] and Ad[miral]ty subsequently agreed) that as H.M.G. had gained their point it would be best "not to discuss the question further with the Japanese Govt., notwithstanding their insistence on the correctness of their interpretation of the treaty, which is probably dictated by their anxiety not to allow the U.S. Govt. any loophole for strengthening the defences of the Philippines or Guam." (A 7146/1923 Flag A)—I venture to suggest that it would be equally inadvisable and unnecessary to return to the charge now. H. A. Caccia Sept. 23.'

' . . . Is not the position this, that we regard the guns as not materially (or at all) augmenting the seaward defences, that the U.S. Govt. agree, & that the Japanese, while sceptical, are in practice prepared to leave the decision as to the fact to us? If so, I should be inclined to say nothing, as in the original case. C. W. Orde 29/9.'

'All in all, I think then that we need merely send to W.O. & Admty. with ref[erence]s. L.O. 29 Sep.' 'I agree. R. V. Sept. 29.'

No. 618

*Sir F. Lindley (Chuzenji) to Sir J. Simon (Received September 19)*

*No. 429 [F 6806/369/23]*

CHUZENJI, August 18, 1932

Sir,

In my despatch No. 285<sup>1</sup> of the 28th May last I had the honour to state that it did not seem impossible to me that the present Japanese Administration might look more favourably upon the conclusion of a pact of non-aggression with the Union of Soviet Socialist Republics.

2. No further mention has been made of this in the Press but upon mentioning the matter, in the course of a conversation on general topics, Mr. Gascoigne, Second Secretary to this Embassy, was informed this morning by the Head of the competent Department of the Japanese Ministry for Foreign Affairs that Count Uchida has the matter under consideration. Mr. Matsushima, the official concerned, would not go further on this subject but, from the manner in which he spoke, it would not seem improbable that the question of a pact may become a live one in the future. Though I have nothing more concrete to go on than the above, my impression is strong that the Fishery Agreement, reported in my despatch No. 427<sup>2</sup> of the 15th instant, will be found to have been the first step in the approach to the signature of the Pact to which the Soviet Government appeared to attach so much importance and to which the Japanese Government were so resolutely opposed six months ago.

I have, &c.,

(for His Majesty's Ambassador)

ALVARY GASCOIGNE

<sup>1</sup> No. 381.

<sup>2</sup> No. 609.

No. 619

*Sir F. Lindley (Chuzenji) to Sir J. Simon (Received September 22)*

*No. 430 [F 6890/1/10]*

CHUZENJI, August 18, 1932

Sir,

I have the honour to report that much hostility has been displayed in the Press here towards the references to the Kellogg Pact and Japanese aggression in Manchuria which are said to have been made by the United States Secretary of State in a speech which he delivered in New York to the Council on Foreign Relations on August 7th [8th] last.<sup>1</sup>

<sup>1</sup> For the text of Mr. Stimson's speech see *F.R.U.S.* 1932, vol. i, pp. 575-83; cf. *ibid.*, vol. iv, pp. 198-9.

2. Thus, in a leading article published on the 10th instant, the 'Jiji' takes Mr. Stimson's alleged pronouncement as an insult to the honour of Japan and, from the standpoint of international relations, regrets that he permitted himself to use language 'which injures the friendship between countries and defiles the sanctity of the very treaties which he is endeavouring to uphold.'

3. The 'Nichi Nichi' and the 'Hochi' stress the indignation felt throughout the country over Mr. Stimson's utterances, and the 'Nichi Nichi' points out that this is not the first time that Mr. Stimson has disregarded the principles of international friendship and asserts that, on July 29th last, he disclosed the contents of confidential notes exchanged between Japan and the United States at the time of the Japanese expedition into Siberia.<sup>2</sup>

4. While such vehement indignation, which was apparently in the beginning officially inspired by the Press Department of the Japanese Foreign Office, was ventilated in the Press, it is somewhat significant that Mr. Debuchi, the Japanese Ambassador to Washington, did not apparently, in his farewell interview with Mr. Stimson on August 10th, attempt to ascertain the real motives of the speech.

5. My United States Colleague, while he is not yet in possession of the text of Mr. Stimson's speech, has explained to a member of the Staff of this Embassy that the discussion on foreign relations, during which Mr. Stimson is alleged to have made reference to Japan's aggression in Manchuria, was purely of an academic nature and that Japan was not specifically mentioned. Mr. Grew is of opinion, moreover, and I am inclined to agree with him, that this incident has been seized upon by the Japanese Government to inflame and unite public opinion to face the possible consequences of the forthcoming meeting of the Assembly of the League of Nations.

6. Be that as it may, a casual enquiry made this morning in the course of a general conversation by a member of the staff of this Embassy to the Head of the competent Department of the Japanese Ministry for Foreign Affairs elicited a frank reply that the Japanese Government now considered the case as definitely closed, as they realised that the discussion was an academic one and that Mr. Stimson was in any case only reiterating the opinion which he expressed in his Note of January 7th last.<sup>3</sup> It was, moreover, noticeable to me that, during the past few days, the Japanese Foreign Office seemed anxious to soften public opinion by statements to the Press tending to show that, while Mr. Stimson's utterances were of a much vaguer nature than was at first supposed, President Hoover does not push the New Doctrine of non-recognition of results secured by aggressive means beyond a point which Japan could well recognise as applicable to Manchuria. This line of argument is well illustrated in the enclosed cutting from the 'Japan Times' of August 15th.<sup>4</sup>

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 198, note 22.

<sup>3</sup> Cf. No. 49, note 7.

<sup>4</sup> This read as follows: '... A spokesman of the Foreign Office, commenting this morning on Mr. Hoover's utterances declared the American President's doctrine was a wholesome one. He saw a remarkable improvement in the American attitude. The exact words used



7. I am forwarding copies of this despatch to His Majesty's Ambassador at Washington and His Majesty's Chargé d'Affaires at Peking.<sup>5</sup>

I have, &c.,

(for His Majesty's Ambassador)

ALVARY GASCOIGNE

by President Hoover, as cabled to the Foreign Office, follow: "I have projected a new doctrine into international affairs, the doctrine that we do not and never will recognize the title to possession of territory gained in violation of peace pacts which were signed with us."

"There is nothing in this pronouncement to which Japan can take exception, according to the Foreign Office spokesman. As a matter of fact this country will lend its wholehearted support to any such doctrine, it was said."

<sup>5</sup> Sir J. Pratt minuted as follows on the filed copy: 'Japan does not want to break with the West if she can avoid it. J. T. Pratt. 28/9.'

No. 620

*Mr. Ingram (Peking) to Sir J. Simon (Received October 5)*

*No. 1074 [F 7179/1/10]*

PEKING, August 19, 1932

Sir,

His Majesty's Consul-General at Shanghai has sent you direct, under No. 116,<sup>1</sup> a copy of his despatch to me No. 299 of August 6th, enclosing a review of the work of the Joint Commission established under the Sino-Japanese agreement of May 5th, 1932. I now have the honour to transmit herewith a copy of a supplementary report<sup>2</sup> by Captain Wilson Brand,<sup>3</sup> bringing the report on the work of the Joint Commission down to August 5th.

2. With the virtual completion of the Japanese evacuation, the main work of the Commission is finished. Its function is however defined (in Annex III to the Agreement) as the supervision of the carrying out of Articles 1, 2 and 3 of the Agreement, of which Article 2 provides that the 'Chinese troops will remain in their present position pending later arrangements'.

3. This vague phrase was employed in order to get round the Japanese insistence on a permanent demilitarized zone at Shanghai, while the Japanese looked to the proposed Round Table Conference to deal with the 'later arrangements'. There is however no immediate prospect of a conference being held or of such arrangements being agreed upon by the Japanese and Chinese. The functions of the Commission are therefore likely to continue for an indefinite period and, as its foreign members can be, and by now presumably are, drawn from officials resident in Shanghai, there seems to be no objection to its continuing in being as long as the present Sino-Japanese

<sup>1</sup> Corrected on the filed copy to '166'. Shanghai despatch No. 166 of August 6 and its enclosures (not printed) were received in the Foreign Office on September 10.

<sup>2</sup> Not printed.

<sup>3</sup> British military representative on the Joint Commission.

tension lasts. In practice its existence may prove a valuable safeguard against further clashes arising out of military movements by the Chinese or Japanese.<sup>4</sup>

I have, &c.,

E. M. B. INGRAM

<sup>4</sup> Mr. C. W. Orde minuted this despatch as follows: 'How long will the Chinese be content with the *status quo*? C. W. O. 6/10.'

## No. 621

*Mr. Ingram (Peking) to Sir J. Simon (Received August 23, 6.45 p.m.)*

*No. 580 Telegraphic: by wireless [F 6339/65/10]*

PEKING, August 22, 1932

Your telegram No. 172.<sup>1</sup>

A despatch now received from Consul-General, Shanghai, shows already on July 27th Council had decided to refer draft agreement to Consular Body and did so on July 30th.<sup>2</sup> Instructions which I and United States Minister sent to our respective Consuls-General, see my telegram No. 519,<sup>3</sup> were thus too late. Even had they arrived in time it is doubtful if Council in the present mood would have been guided by our views.

2. Above-mentioned despatch encloses copy of a letter dated August 10th from Japanese Consul-General to Senior Consul<sup>4</sup> in which after stating that transference of police authority in outside roads area to Chinese is intolerable to Japanese he proposes an arrangement to be put into operation pending a settlement of the whole question by a Round Table Conference. The proposals are that outside roads areas should be administered and policed by Shanghai Municipal Council with a Chinese Commissioner and a Japanese Deputy Commissioner; heads of police stations in northern district and second ranking officers in western district to be Japanese and as many Japanese police as possible to be employed.

Repeated to Shanghai and copies by post to Mission and Tokyo.

<sup>1</sup> See No. 595, note 3.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 635.

<sup>3</sup> No. 569.

<sup>4</sup> For a summary of this letter, see *F.R.U.S. op. cit.*, p. 636.

## No. 622

*Mr. Ingram (Peking) to Sir J. Simon (Received August 23, 9.30 p.m.)*

*No. 581 Telegraphic: by wireless [F 6353/65/10]*

PEKING, August 22, 1932

My telegram No. 580.<sup>1</sup>

It is useless to discuss these terms which Chinese could not be induced to accept (as Japanese Consul-General recognizes—see Shanghai telegram No. 204)<sup>2</sup> and which I think would be equally unpalatable to the Council.

<sup>1</sup> No. 621.

<sup>2</sup> See No. 591.

2. On August 4th British and United States Consuls-General had a private meeting with British and American Councillors, explained views of their Governments, and expressed the hope that the Council would be able to bring the matter to a satisfactory conclusion in spite of Japanese opposition. Councillors replied that they felt bound to give ratepayers an opportunity of considering agreement before signature and that they were doubtful as to possibility of enforcing it in face of determined Japanese opposition: Japanese could for instance refuse to pay their taxes and would (? depend on) military to obstruct special police.

3. His Majesty's Consul-General agrees regarding desirability of publication, for rushing through of agreement would arouse opposition of other foreign residents besides Japanese. Decision regarding publication awaits return of chairman at the end of the month.

4. Present position is that draft agreement has not yet been approved either by Council or by Nanking and I am inclined to think that Council, who are clearly uneasy about it, will reject it if they find other foreign opposition at all serious. Moreover knowledge of Japanese official attitude, which is sure to become known, is likely to be welcomed by the average ratepayer who pins his hopes for the future of Shanghai on a Round Table Conference.

5. My United States colleague takes the view that we are now faced with three alternatives:—

- (a) British and Americans to go ahead and ignore Japanese;
- (b) Let the matter drop;
- (c) Agree to Round Table Conference.

He tells me that he has already informed State Department<sup>3</sup> that he has reluctantly reached the unpalatable conclusion that (c) is the only way out for if we show a united front at Conference we may be able to defeat Japanese pretensions.

6. My own feeling is that we cannot ignore Japanese as I think agreement would be unworkable without their co-operation although in the last resort feasibility of applying it to western district alone might be investigated. I am asking His Majesty's Consul-General, Shanghai, to examine this latter possibility. We have, however, done all we can for the moment and must now I submit await developments at Shanghai and Geneva.

Repeated to Shanghai. Copy to Tokyo and Mission.

<sup>3</sup> See *F.R.U.S.* 1932, vol. iv, pp. 637-8.

No. 623

*Mr. Ingram (Peking) to Sir J. Simon (Received October 14)*

*No. 1088 [F 7412/1/10]*

PEKING, August 22, 1932

Sir,

With reference to my telegram No. 482<sup>1</sup> of the 20th July relative to a conversation held last month with the Private Secretary of Pu Yi I have the honour to transmit to you herewith a paraphrase of a telegram<sup>2</sup> from the Officer Commanding British Troops, Tientsin, recording a further conversation with Hsu Liang who has just returned from Ch'ang Ch'un.

2. This confirms his previous statement that the ex Emperor is merely a figure-head and without any real power, but whereas he said in July that the Japanese were indifferent whether Pu Yi remained or not, he now considers that they would not accept the latter's resignation or allow him to leave the country.<sup>3</sup>

3. The statement that there is a Japanese plot on foot shortly to obtain control of Hainan island seems almost too fantastic to merit serious attention.

I have, &c.,

E. M. B. INGRAM

<sup>1</sup> Not printed: this telegram referred to No. 531 above.

<sup>2</sup> Of August 12, not printed.

<sup>3</sup> For the secret agreement between Manchuria and Japan, signed by ex-Emperor Pu Yi on August 18, see *From Emperor to Citizen—the Autobiography of Aisin-Gioro Pu Yi*, vol. ii (Peking, 1965), pp. 263-4.

No. 624

*Mr. Clarke (Mukden) to Sir J. Simon (Received September 17)*

*No. 126 [F 6779/1/10]*

MUKDEN, August 22, 1932

His Majesty's Vice-Consul at Mukden presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him the under-mentioned documents.

*Name and Date*

*Subject*

To H.B.M. Chargé d'Affaires, Peking

*General Honjo: Farewell dinner in*

No. 129 of August 22nd, 1932.

Mukden.

ENCLOSURE IN No. 624

*Mr. Clarke (Mukden) to Mr. Ingram (Peking)*

*No. 129*

*Copy*

MUKDEN, August 22, 1932

Sir:—

I have the honour to report that, on the evening of August 19th, 1932, I attended a farewell dinner given by General Honjo at the Yamato Hotel, Mukden, to leading Fengtien Provincial Government Officials, the Consular

Body and to all the leading Japanese bankers and merchants in Mukden. In actual fact the General is not leaving Mukden until September 2nd—presumably after he has handed over to General Muto.

2. In the course of his after-dinner speech General Honjo thanked all present for the support they had given him during the past year and asked that this support might now be extended to his successor, General Muto, whom he referred to as an old friend. His (General Honjo's) mission in Manchuria had now been successfully accomplished, he maintained, but it formed merely a preliminary step in the regeneration of Manchuria; the work of serious reconstruction had yet to begin.

3. He had, he stated, been most careful during the past year to avoid complications of an international character in the execution of his task: this is undoubtedly true to the extent that he has shown remarkable perseverance in ignoring entirely the existence of the Consular Body, except on one or two rare and purely social occasions, while it is common knowledge that his own Consulate-General has received but scant consideration from him. It is difficult, however, to resist a feeling of admiration for the high courage and determination General Honjo has shown during the past months in his appointed task, often in the face of difficulties and complications which do not ordinarily fall to the lot of a soldier to face and which must, at times, have filled him with distaste. In addition he possesses considerable charm of manner and the few social occasions on which foreign Consuls have had opportunities of meeting him have been most cordial and pleasant.

4. Mr. Morishima, the Acting Japanese Consul-General, replied to the General's speech on behalf of the residents of Mukden and the last speech of the evening was made by Mr. Tsang Shih-yi, the Fengtien Provincial Governor, who sat on General Honjo's right. Mr. Tsang appeared ill at ease and spoke hardly at all throughout dinner, while his somewhat lengthy speech eulogising the achievements of the General sounded sadly insincere and unconvincing; altogether he made rather a pathetic figure.

5. I am forwarding copies of this despatch to the Foreign Office, to His Majesty's Ambassador at Tokyo, and to His Majesty's Consular Officers at Harbin, Newchwang and Dairen.

I have, &c.,

D. H. CLARKE

*Vice-Consul*

(in the absence of H.M. Consul-General)

#### No. 625

*Record by Mr. Craigie<sup>1</sup> of an interview with M. Matsudaira*

[W 9559/10/98]

FOREIGN OFFICE, August 22, 1932

I called on M. Matsudaira on the 22nd instant and said that, as I happened to be passing through London and heard he was in town, I wanted

<sup>1</sup> Head of the American Department in the Foreign Office.

to take the opportunity of having a private and confidential talk with him on the naval question, with particular reference to the situation created by the League Resolution of last month.<sup>2</sup> We thought it would be a great mistake to have any meeting of the five principal Naval Powers until we could see some better prospect of agreement than existed at present, but meantime I should be grateful if M. Matsudaira would, if possible, inform me unofficially of his Government's attitude towards the American and British naval proposals.<sup>3</sup> I gathered from the press that the Japanese Government had little use for Mr. Hoover's proposals, but I had seen no indication of their attitude towards our own.

M. Matsudaira said he could not at the moment give me any very authoritative answer to my enquiry, but he warmly welcomes the idea of some private and unofficial talks and would study the question with his experts and let me know as soon as he was in a position to give me further particulars. The reports I had seen in regard to Japan's dislike of the Hoover proposals were accurate. Japan had accepted the position created by the London Naval Treaty<sup>4</sup> for the strictly limited period of six years and could not agree to prolong beyond 1936 the relative strength there laid down—the opposition to the Treaty in Japan had been much too powerful to permit of prolongation. Towards the British proposals, on the other hand, the Japanese Government were much more sympathetic, though he believed they still stood for the retention of the 14" gun in the capital ship. What they were particularly anxious about was the tendency in the United States navy to build cruisers with large flying-off decks for aeroplanes—some check should be placed on this new development of the air menace and the Japanese Government were prepared for the abolition of the aircraft carrier and a strict limitation on the size and number of flying-off decks. Could I say what was the view of His Majesty's Government on this point?

I said I thought the future of the aircraft carrier and the flying-off deck depended largely on what was decided in regard to military aviation. So long as bombardment from the air continued unrestricted, fleets must be armed to protect themselves against attack from land air forces. M. Matsudaira said that this consideration might have force in the narrow seas of Europe, but not for the Atlantic and Pacific Oceans, with which the United States was concerned. He thought the purpose of this large expansion of America's naval air force was definitely offensive, i.e. to permit of the bombing of enemy territory.

Finally it was arranged that M. Matsudaira would let me know as soon as he was ready for another talk.

<sup>2</sup> For the Resolution adopted by the General Commission of the Disarmament Conference on July 23, 1932, see Volume III, Appendix VII.

<sup>3</sup> See *ibid.*, Appendixes V and VI.

<sup>4</sup> For the text of this Treaty of April 22, 1930, see Volume I, Appendix I.

*Letter from Mr. Orde to Mr. Dixon.*<sup>1</sup>

[F 6200/1/10]

*Confidential*

FOREIGN OFFICE, August 22, 1932

Sir,

With reference to your letter No. 6010/272<sup>2</sup> of the 16th August, I am directed by Secretary Sir John Simon to suggest that the reply to the enquiry from His Majesty's Government in the Commonwealth of Australia, on the subject of the present policy of His Majesty's Government in the United Kingdom with regard to the Sino-Japanese dispute over Manchuria, might be worded as follows:

'Throughout the progress of the Sino-Japanese dispute as regards Manchuria, His Majesty's Government in the United Kingdom have, as a Member of the League of Nations, joined to the fullest possible extent in the steps taken by that body to investigate the dispute with a view to attaining a practical and equitable settlement, and they have loyally co-operated in carrying out the resolutions on this subject passed by the League. It has followed from this that, as a Member of the League, they have felt it inadvisable to make any separate public announcement of policy such as that issued by the United States Government at the commencement of the crisis,<sup>3</sup> particularly as, until an opportunity has been afforded of considering the report to be drawn up by the Commission of the League appointed under the Resolution of the 10th December, 1931, the Manchurian dispute has necessarily to be considered as still *sub judice*, and it has been felt to be impossible to prejudge the issue. The nature of the report which is due to be laid before the League in the near future is still unknown, and the official attitude of His Majesty's Government in the United Kingdom remains therefore as outlined above.

'The report should provide sufficient material, based on adequate authority, to enable a decision to be reached as to whether concerted action is called for on the part of the signatories of the Nine Power Treaty, or of the Pact of Paris.

'No suitable opportunity has nevertheless been missed of reminding the Japanese Government, unofficially and in a manner such as not to inflame the already excited public opinion in Japan and thereby aggravate the

<sup>1</sup> An Assistant Secretary in the Dominions Office.

<sup>2</sup> In this letter Mr. C. W. Dixon had transmitted a copy of a letter of August 15 from Mr. V. C. Duffy, the Australian Commonwealth Liaison Officer in London. Mr. Duffy referred to a circular telegram B No. 89 *Secret* of August 9 from the Dominions Office to the Dominions' Governments giving an account of Sir F. Lindley's long conversation 'towards the end of July' with the Japanese Minister for Foreign Affairs, who maintained that the Japanese Government had not encouraged the formation of the Manchurian Government and denied that the promise of recognition was an encouragement to form a separate state (cf. No. 545, §§ 8-11). Mr. Duffy said that His Majesty's Government in the Commonwealth of Australia were 'watching the situation in Manchuria with anxiety'.

<sup>3</sup> Cf. No. 49, note 7.

situation, of her obligations both as a Member of the League of Nations and as a signatory of the Nine Power Treaty. Further, when it has appeared that individual British commercial interests in Manchuria were being prejudiced as the result of Japanese action, representations have immediately been made to the Japanese Government in defence of these interests.

‘His Majesty’s Government in the United Kingdom welcome the offer of co-operation extended to them by His Majesty’s Government in the Commonwealth of Australia and in the event of representations to the Japanese Government by the signatories of the Nine Power Treaty of Washington becoming an active question, they will not fail to consult His Majesty’s Governments in the Dominions concerned with a view to their being associated with such representations.’

2. Copies of this letter are being sent to the India Office and to the Colonial Office.

I am, &c.,  
C. W. ORDE

No. 627

*Mr. Ingram (Peking) to Sir J. Simon (Received October 4)*

*No. 1092 [F 7157/5851/10]*

PEKING, August 23, 1932

His Majesty’s Chargé d’Affaires, Peking, presents his compliments to His Majesty’s Principal Secretary of State for Foreign Affairs, and transmits herewith three copies of the undermentioned paper

<i>Name and Date</i>	<i>Subject</i>
Despatch from His Majesty’s Consul-General, Tientsin. No. 60 of 12.8.32.	Probable Japanese Invasion South of Wall.
Despatch to His Majesty’s Consul-General, Tientsin. No. 82 of 23.8.32. <sup>1</sup>	

ENCLOSURE IN No. 627

*Mr. Giles (Tientsin) to Mr. Ingram*

*No. 60*

TIENTSIN, August 12, 1932

Sir,

I have the honour to inform you that Brigadier Burnell Nugent, Commander Tientsin Area, has shown me a telegram, dated 10th August, from

<sup>1</sup> Not printed; see note 3 below.



General Sandilands<sup>2</sup> who said that, in view of recent reports on the situation in North China, he doubted whether the Brigadier was justified in keeping half the forces under his command isolated in camp at Shanhaikuan. Brigadier Burnell Nugent asked me whether I had any information which would lead me to share General Sandilands' opinion. I replied that the reports which I had seen in the press appeared to me to be unduly alarmist. No wise man cares to predict events in China more than a few days ahead, but in the present case I really cannot see any valid reason for the earlier recall of the British troops now in camp at Shanhaikuan. The danger of a sudden and unheralded invasion of Hopei by Japanese or Manchurian forces is, I think, negligible. Less remote is the possibility of civil war in this region as the result of attempts by different military leaders to gain control of North China, should Chang Hsueh-liang be determined to resign, definitely shake himself free from office, and depart from Peiping. The most obvious rivals to succeed Marshal Chang are Han Fu-chu and Shih Yu-san, but there is no news of any movement of troops from Shantung in this direction, and I do not see how they could embark on any such campaign without something of it being known in advance. Were the nomination of a successor to Marshal Chang to be accepted without demur by the Fengtien party, even this possibility of war in this area would fade for the time being.

2. A further consideration which Brigadier Burnell Nugent and I bore in mind was that the premature withdrawal of the troops would inevitably cause a panic among the numerous civilians now resident at Peitaiho and Chinwangtao. Should any overwhelming reason arise for recalling the troops to Tientsin, this incidental inconvenience would naturally have to be ignored, but in the circumstances as we know them, it seems a pity to cause such a panic unnecessarily. I might add that, so far as I know, there is no immediate intention of withdrawing the French and Italian contingents now at Shanhaikuan or the American at Chinwangtao.

3. Brigadier Burnell Nugent has telegraphed to General Sandilands in the above sense, but he proposes to withdraw the British troops from Shanhaikuan by 5th September instead of 16th September in accordance with his original plans. I understand that the Italian and American contingents will return about the same time, but this was arranged long before there was any question of any crisis requiring their presence in Tientsin. I do not anticipate that advancing the date of the troops' return to Tientsin by eleven days will evoke comment among the civilians summering by the sea, the majority of whom in any case usually leave Peitaiho and Chinwangtao about that time.<sup>3</sup>

I have, &c.,  
LANCELOT GILES

<sup>2</sup> G.O.C. British Troops in China.

<sup>3</sup> Mr. Ingram's despatch No. 82 of August 23 to Mr. Giles expressed his full agreement with Mr. Giles's views and with his belief in the remoteness of the possibility of civil war in the province of Hopei.

**No. 628**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 24, 9.30 a.m.)  
No. 330 Telegraphic [F 6350/348/23]*

TOKYO, August 24, 1932, 12.15 p.m.

There is no doubt that all Japanese military establishments are working under high pressure and large orders for sewing (*sic*)<sup>1</sup> have recently been placed abroad. This state of things has led many to believe a rupture with Russia is contemplated. My own view is that Japanese Government are preparing for all eventualities and have no particular enemy in view. It must in my opinion be remembered that they must have expended much ammunition in the last six months.

As regards Russia, I am inclined to think the new Minister for Foreign Affairs might even consider signing the peace pact which late Minister for Foreign Affairs refused to consider.

The recrudescence of officially encouraged boycott in China causes some anxiety.

Repeated to Peking.

<sup>1</sup> A correction on the filed copy indicated that 'sewing machines' were referred to here. When asked to confirm this passage Sir F. Lindley explained, in telegram No. 337 of August 31 (received 9.30 a.m.), that 'sewing machines ordered in large quantities by War Office seems to us to indicate the intention of making uniforms'.

**No. 629**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 24, 10.30 a.m.)  
No. 332 Telegraphic [F 6349/39/23]*

TOKYO, August 24, 1932, 3.5 p.m.

Your telegram No. 121.<sup>1</sup>

Following for Sir E. Crowe from Sansom.

I consider financial position of Japan to be relatively sound.

Report as to Specie Bank is quite unfounded.

I suspect rumours have political origin possibly in Japan.

Exchange fall is due to bear operations in a restricted market and Japanese financiers much prefer to let it take its course as in some ways it suits their policy.

<sup>1</sup> This telegram, sent by the Department of Overseas Trade, has not been traced in Foreign Office archives. A minute on the file by Mr. Broad reads: 'This is in reply to a personal message sent by Sir Edward Crowe [Comptroller-General of the Department of Overseas Trade] as a result of disturbing rumours which had reached him regarding the financial position in Japan generally and especially the Yokohama Specie Bank. It had been alleged that the latter had suffered severe losses recently, and Sir E. Crowe enquired whether this report could be confirmed. Mr. Sansom's [Commercial Counsellor, H.M. Embassy, Tokyo] reply is re-assuring. P. Broad August 24th 1932.'

I am of opinion that expenditure upon Manchuria has no important effect upon financial position of Japan.<sup>2</sup>

<sup>2</sup> Commenting on this telegram in his despatch No. 449 of August 31 (received in the Foreign Office on October 3) Sir F. Lindley remarked that he agreed with Mr. Sansom's conclusion 'that the financial position of Japan is relatively sound by present day standards'.

**No. 630**

*Mr. Ingram (Peking) to Sir J. Simon (Received August 24, 6.15 p.m.)*  
*No. 590 Telegraphic: by wireless [F 6360/65/10]*

PEKING, August 24, 1932

Following received from Shanghai No. 216 of August 23rd.

Begins:—

Addressed to Peking No. 216, copy to Mission.

Outside roads.

Secretary-General, Shanghai Municipal Council informed O. K. Yui on August 22nd of Council's proposal to publish agreement<sup>1</sup> and to notify ratepayers that Council intended to sign it after reasonable interval. Yui at once raised strongest objection. The Mayor would once more be attacked for having given way to the Japanese. Nanking Government were not cognizant of all the details of agreement and the Mayor would also be exposed to criticism from that quarter. In short publication would bring about the Mayor's downfall. Even if agreement were signed Chinese would still object to publication and upshot of conversation was that at the moment the Chinese are not ready to sign, regardless of whether it is published or not.

(2) Special meeting of Council had been arranged for August 24th. This will still be held but there can be no question of their proceeding with publication at present.

(3) I have seen United States Consul-General and he is inclined to sympathise with the Chinese over publication but Council are committed by their public notice. We decided that the only course was to go slow for the moment and discuss the matter further informally with the Chinese when the opportunity offers.

Ends.

<sup>1</sup> Cf. No. 622.

## CHAPTER VI

# Reception of the Lytton Report: Japanese Government's recognition of Manchukuo

August 25–October 12, 1932

No. 631

*Mr. Ingram (Peking) to Sir J. Simon (Received October 4)*

*No. 1107 [F 7158/1/10]*

PEKING, August 25, 1932

Sir,

With reference to my despatch No. 1068<sup>1</sup> of August 1st I have the honour to report that the League of Nations Commission of Enquiry into the Sino-Japanese crisis sailed from Kobe on July 17th in the s.s. 'Chichibu Maru' for Tsingtao where they landed on July 19th.

2. The bulk of the party completed the journey to Peking by railway, arriving here on July 21st; Lord Lytton, however, whose state of health had necessitated his being brought ashore at Tsingtao on a stretcher, only travelled as far as Tsinan by train, and was there transferred into Marshal Chang Hsueh-liang's private aeroplane which brought him to Peking a day ahead of his colleagues. On his arrival here he immediately entered the German Hospital, where, I regret to report, he has been forced to remain ever since. His recovery from his indisposition was somewhat retarded by a slight recurrence of fever which as reported in my telegram No. 557<sup>2</sup> of August 11th for a time set in, but he is now in a sufficiently advanced stage of convalescence to allow of his again taking an active part in the work of the Commission, which is holding daily meetings in his sickroom.

3. The Commission would, I understand, have been prepared to make a more lengthy stay in Japan than it in fact did, if the Japanese Government had shown any readiness to discuss the Manchurian question in a conciliatory spirit. As reported in Tokyo despatch No. 375<sup>3</sup> of July 16th however, Count Uchida kept Lord Lytton and his colleagues waiting a week in Tokyo before opening official discussions with them, and then adopted so unyielding an attitude as to make it clear that no useful purpose would be served by their prolonging their stay in Japan. In the circumstances therefore their decision to return immediately to Peking would appear to have been the only course, consistent with the dignity of the Commission, which was left open to them.

<sup>1</sup> No. 572.

<sup>2</sup> Not preserved in Foreign Office archives.

<sup>3</sup> No. 533.

4. The Japanese who apparently were nervous lest Chinese local atmosphere should exercise a baleful effect upon the minds of Lord Lytton and his colleagues, had been continually pressing the Commission to draft at least as much of their Report in Tokyo as in Peking. In deference to this insistence, the Commission made some show of drafting portions of the Report during their stay in Tokyo, but I gather that it was not until their return here, that they were able seriously to undertake the composition of the main chapters. They have now ended their actual investigation of the Manchurian problem, have announced that they are giving no further interviews, and are concentrating all their energies on completing the Report in time to allow of their leaving for Europe before the end of the first week in September. It was originally intended that the whole Commission should travel home via Siberia, but Lord Lytton's recent relapse has in the opinion of his medical advisers rendered it inadvisable for him to do so, and he proposes instead, provided he is by then sufficiently recovered, to return home via Suez in the Lloyd Triestino s.s. 'Gange' leaving Shanghai on September 6th. The rest of the Commission will, if all goes well, leave via Siberia about the same time, taking with them the finished draft of their Report. This, immediately on arrival at Geneva, will be placed in the hands of the printers, and should, I understand, be ready for publication towards the middle of October. At the same time, two typewritten copies of the Report in its final form will be left in the Far East under seal and will be presented to the Japanese and Chinese Governments respectively on the day of the release of the Report in Europe.

5. The fact that the Commission has almost completed its work, and that the publication of its Report is imminent has up till now provoked comparatively little interest in the Chinese press, nor is there much open speculation as to the possible nature of the Commission's findings. It is indeed fairly clear by now even to the Chinese that whatever the recommendations of the Commission may be, there is little likelihood of the League being able to compel Japan to evacuate Manchuria. The latest press comments from Shanghai and Nanking recognise this fact, and take the line that while China should as an act of courtesy await the publication of the Report and its discussion at Geneva before taking any further action in regard to the Manchurian problem, she should not expect to derive much practical satisfaction from the Commission's investigations, and should be prepared hence-forward to safeguard her interests in Manchuria as best she can.

6. I am not in a position at present to make any forecast of the line which the Commission will follow in their Report, but I understand that it will contain definite practical recommendations for a permanent solution of the Manchurian problem. I shall however in due course report to you any information on the subject which Lord Lytton may see fit to impart to me. I gather that within the Commission itself there have at times been acrimonious discussions on certain fundamental points but the tact of the Chairman and his American Colleague has hitherto prevented such differences devolving into anything which would necessitate a minority report. I am given

to understand that most of the contentious corners have now been turned and that there is every hope of a unanimous report without reservations being completed in accordance with the time table referred to in paragraph 4 above.

7. I am forwarding a copy of this despatch to His Majesty's Ambassador at Tokyo.

I have, &c.,  
E. M. B. INGRAM

**No. 632**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received August 26, 9.30 a.m.)*

*No. 333 Telegraphic [F 6369/1/10]*

TOKYO, August 26, 1932, 1.5 p.m.

Minister for Foreign Affairs made speech in the diet yesterday which has been telegraphed abroad *in extenso*. I am not therefore telegraphing.<sup>1</sup>

<sup>1</sup> The speech was printed at length in *The Times* of August 25 and 26, p. 9; it is also printed in *L.N.O.J.*, *S.S. No. 111*, pp. 81-83. Minutes on the filed copy include the following: 'The speech is important as showing the determination of Japan; all the old positions are maintained in full force. But there is nothing new in it. C. W. Orde 26/8.'

Sir V. Wellesley added: 'It looks as if Japan intended to present the League with a "fait accompli". V. W. 26/8/32'.

**No. 633**

*Mr. Ingram (Peking) to Sir J. Simon (Received August 27, 9.30 a.m.)*

*No. 593 Telegraphic: by wireless [F 6402/1/10]*

PEKING, August 26, 1932

Tokyo telegram No. 330<sup>1</sup> last sentence.

His Majesty's Consul-General Shanghai reports as follows:—

Active incitement to boycott is confined to various small terrorist groups who send Chinese merchants threatening letters. These have been fully reported in the press. There has been no renewal of picqueting nor of seizure of Japanese goods. Chinese merchants have adopted the usual passive attitude and Chinese Chamber of Commerce has passed on to its members letters from terrorist groups warning against dealing in various classes of goods. This has undoubtedly led to considerable stoppage of Japanese trade for the time being. Japanese Consul-General lodged a strong protest with the mayor on August 17th and received assurance that any illegal activities would be suppressed.

Japanese Consul-General told me today that Japanese trade was again at a complete standstill and their merchants took a serious view of the

<sup>1</sup> No. 628.

situation as they were threatened with extinction but he seemed to me to be over-stating his case. His fear is that with feelings again being worked up on either side some trying incident may lead to more serious trouble.

Repeated to Tokyo.

#### No. 634

*Mr. Ingram (Peking) to Sir J. Simon (Received August 26, 6 p.m.)*

*No. 596 Telegraphic: by wireless [F 6405/65/10]*

PEKING, August 26, 1932

Shanghai telegram No. 216<sup>1</sup> gives a yet more disheartening turn to roads question and it now seems probable that with the Japanese hotly opposed to it, the Chinese suffering from an attack of cold feet, and the Council and community lukewarm, agreement is doomed for the moment.

I have considered the desirability of going to Nanking to talk matters over with Lo . . .<sup>2</sup> but feel I can hardly urge Chinese government to bless an agreement which possibly Council will reject and certainly Japanese will block. I trust you will approve.

I have had another long conversation with my United States colleague and we both feel that if local negotiations continue to prove abortive it will be difficult ultimately to avoid discussion of 'further arrangements' predicated in Shanghai . . .<sup>3</sup> armistice terms at some sort of conference. Such a conference might be confined to Shanghai problem or might have much wider scope arising out of developments when League Commission reports. Events may well move quickly in the next few months. Clearly however present moment is not ripe for such discussions but when and if the time comes we both feel conference should be such a one as is adumbrated in paragraph 10 of His Majesty's Minister's despatch No. 597<sup>4</sup> and that Great Britain and America should take the lead and not the Japanese if pretensions of latter are to be effectively combated.

Repeated to Mission, Shanghai and Tokyo.

<sup>1</sup> See No. 630.

<sup>2</sup> The text is here uncertain. Presumably, it should read: 'Lo Wen-kan'.

<sup>3</sup> The text is here uncertain.

<sup>4</sup> See No. 351, note 6.

#### No. 635

*Mr. Ingram (Peking) to Sir J. Simon (Received August 26, 9 p.m.)*

*No. 597 Telegraphic: by wireless [F 6399/1/10]*

PEKING, August 26, 1932

Influential member of Japanese Assessor's Office told Astor<sup>1</sup> last night in confidence that Japanese recognition of Manchukuo was almost certain to

<sup>1</sup> Mr. W. W. Astor, Lord Lytton's private secretary.

take place between September 4th and 18th, and that General Muto has gone to arrange final details of Japanese-Manchukuo treaty, conclusion of which would involve recognition.

Repeated to Tokyo.

**No. 636**

*Sir J. Simon to Sir F. Lindley (Tokyo)*

*No. 578 [F 6122/1/10]*

FOREIGN OFFICE, August 26, 1932

Sir,

I have read with interest your despatch No. 358<sup>1</sup> of the 7th July, on the subject of the Manchurian question, and I entirely approve the line taken by Your Excellency in this matter. The language which you held in the conversation with the Vice-Minister for Foreign Affairs reported in paragraph No. 6<sup>2</sup> of your despatch could not have been bettered, and I am particularly glad that you kept your United States colleague fully informed of your action.

I am, &c.,  
JOHN SIMON

<sup>1</sup> See No. 511, note 3.

<sup>2</sup> The gist of this paragraph is given in paragraph 2 of No. 511.

**No. 637**

*Sir F. Lindley (Chuzenji) to Sir J. Simon (Received September 29)*

*No. 451 [F 7055/1/10]*

CHUZENJI, August 29, 1932

Sir,

With reference to my despatch No. 447<sup>1</sup> of August 26th transmitting copies of the speeches made by the Japanese Prime Minister and the Japanese Minister for Foreign Affairs to the Imperial Diet on the 25th instant I have the honour to report that amongst the more important interpellations on the Government's foreign policy was that of Mr. Koku Mori, a prominent member of the Seiyukai party.

2. Referring to the speeches made by Admiral Saito and Count Uchida regarding Japan's policy towards Manchukuo, Mr. Mori complained that the Government seemed to regard recognition of the new State as nothing more than a matter of diplomatic procedure. It was dangerous he said to consider the question purely from the legal and diplomatic standpoint; serious thought must be given to the effect which Japan's recognition would have on the rest of the world. Japan might be compelled to withdraw from the League, the situation in China might be aggravated and another Shanghai incident might ensue. Japan's relations with the United States

<sup>1</sup> Not printed. For Count Uchida's speech, see No. 632, note 1.



of America would doubtless deteriorate instead of improving. Before, therefore, recognition was accorded Japan must be prepared for the worst.

3. Apart from the appointment of an Envoy to Manchukuo, no reference, Mr. Mori said, had been made by Admiral Saito or Count Uchida to the precise nature of the preparations which they asserted were being made. What steps were the Government prepared to take in view of a possible 'change in relations' between Japan and China and Japan and the other Powers consequent upon their recognition of Manchukuo? The consolidation of public opinion, the replenishment of armaments, the reorganization and rehabilitation of national finances, etc., must not be neglected.

4. The independent step taken by Japan to recognise the New State without reference to other countries implied, Mr. Mori explained, a declaration of independence in Japan's foreign policy as against the long established tradition of 'imitative diplomacy'. The Seiyukai Party had long advocated a 'Back to Asia' policy which meant that Japan should part company with the 'materialist civilisation' of the West which has entered upon a period of 'decadence' and return to a policy formulated in accordance with the 'old spirit of the East' which would bring happiness to Asia and might even suggest to the West a means of saving itself. Manchukuo must be recognised with the full consciousness of this new sacred mission of Japan.

5. Mr. Mori then put the following questions to the Government:—

'1. The Government says that various arrangements are necessary before recognition can be extended. What is the exact nature of these arrangements, and how far have they been completed?

'2. What will be, according to the opinion of the Government, the possible repercussions on the international situation of formal recognition of Manchukuo by Japan? What plans are being contemplated by the Government to deal with the eventualities both before and after recognition?

'3. How does the Government think recognition will affect the international financial position of Japan?

'4. Is the Government fully prepared to meet the possible crisis that may arise between Japan and the other countries as a result of our recognition of Manchukuo?'

6. For purposes of record, a complete translation of Mr. Mori's speech, as published in the 'Japan Advertiser', is forwarded herewith.<sup>2</sup> The translation has been compared with the original text printed in the official stenographic report of the proceedings of the Diet and has been found to be substantially correct. Mr. Mori's remarks were punctuated by applause at frequent intervals.

7. I have the honour to enclose also a full translation,<sup>2</sup> prepared in this Embassy, of the reply which Viscount Uchida made to Mr. Mori's speech.

I have, &c.,

F. O. LINDLEY

<sup>2</sup> Not here printed.

No. 638

*Mr. Ingram (Peking) to Sir J. Simon (Received August 30, 9 p.m.)*

*No. 607 Telegraphic: by wireless [F 6446/1/10]*

PEKING, August 30, 1932

Following received from Mukden No. 71 August 29th.

Begins:—

After 11 p.m. on August 28th concerted attack was made on Mukden aerodrome by 'volunteers' who succeeded in destroying by fire one of the three hangars.

Japanese reports admit over ten casualties among combined defending force including two Japanese killed. Numbers of new state troops are reported to have joined attacking forces.<sup>1</sup>

<sup>1</sup> Mr. Eastes' despatch to Mr. Ingram, No. 137 of August 30 (copy received in the Foreign Office on October 5 as enclosure in Mukden despatch No. 133 of even date) said that over 1,000 insurgents were reported to have taken part and that the noise of the operations in which the attack was beaten off, 'was unpleasantly audible throughout the International Settlement'.

No. 639

*Sir F. Lindley (Chuzenji) to Sir J. Simon (Received October 1)*

*No. 448 [F 7103/1/10]*

*Immediate*

CHUZENJI, August 30, 1932

Sir,

Now that the Lytton Report is about to appear and the whole Sino-Japanese quarrel will shortly be again before the world, it may be of use if I sum up as shortly as possible the present political position and temper of Japan as far as they can be estimated in this Embassy. The next few months are likely to be momentous ones in her history and it seems to me there is a real danger lest British interests in the Far East, bound up as they are with the reign of peace and order, may be permanently compromised should a too purely juridical view be taken at Geneva of a problem which cannot properly be judged apart from its history nor from those broad considerations of equity which are not seldom in conflict with the letter of International Law. I am tempted to stress these points because, as I have had the honour to state with perhaps undue persistency in the past, the failure to recognise their importance at Geneva last autumn seems to us to be mainly responsible for the magnitude of the problem which has still to be solved.

2. In my despatch No. 392<sup>1</sup> of July 23rd 1931, written when the skies were unclouded, I had the honour to point out that Japan had been dis-oriented by the abrupt change of ideas regarding Alliances and War which had been apparently accepted by the Western Powers as the result of the

<sup>1</sup> Volume VIII, No. 495.

carnage and destruction of the Great War. I say 'apparently' because, in my own mind, I have little doubt that there are other countries besides Japan which, if put to the test of seeing their vital interests involved, would have behaved with as little regard for multi-lateral Treaties and pacific ideas as has Japan. But, however that may be, it seemed to me clear that Japan had not assimilated those new ideas and that the vacillation of her policy in China could best be explained by the uncertainty into which she had been thrown—to which was added the conflict between her economic commitments in the Middle Kingdom and her political aspirations in Manchuria. Nor did I think sufficient attention had been paid to the fact that, in Japanese eyes, post-war history has been a period of disillusion and humiliation relieved only by the acquisition of the Pacific Mandates. In the first place Japan failed to obtain a declaration of Race Equality at Versailles; then followed the Washington Conference, considered by the two Anglo-Saxon Powers as a triumph of enlightened diplomacy but regarded by the Japanese as a first-class diplomatic defeat with all the deplorable consequences the expression implies. The non-renewal of the Anglo-Japanese Alliance was a blow to Japanese pride and susceptibilities none the less bitter because little was said of it; and it was followed by the American Exclusion Law of 1924<sup>2</sup> by which the Washington Government deliberately chose to attain by humiliating Japan an object which could have been secured without difficulty by conciliatory methods—as had been proved by the Canadian Immigration Agreement of 1906<sup>3</sup> which I myself helped Sir Rodolphe Lemieux and Sir Joseph Pope to negotiate. Such appear to Japan to be the results of the new ideas as far as she is concerned.

3. In China it was much the same. Japan, who had herself got rid of 'Unequal Treaties' by putting her house thoroughly in order and then negotiating an agreed settlement after many years of effort, saw her rights openly flouted and her people insulted in a country where Government could hardly be said to exist and where conditions were incomparably more adverse to foreigners unprotected by Treaty than was the case in Japan before Treaty Revision. It is true that we suffered too and that, genuinely imbued by the New Ideas, we accepted the situation in the hope, possibly justified, that they would prevail in the end. But it must be borne in mind that, deeply interested as we are in China, Japan's interests are infinitely more vital to her prosperity and she never had any faith in the New Ideas.

<sup>2</sup> See A. Whitney Griswold, *The Far Eastern Policy of the United States* (New Haven, 1962), pp. 370-7. Cf. Series IA, Volume II, Appendix, note 44.

<sup>3</sup> The reference appears to be to a 'gentleman's agreement' negotiated in Tokyo in November/December 1907 by Mr. (later Sir Rodolphe) Lemieux, Canadian Postmaster-General and Minister of Labour and Mr. (later Sir Joseph) Pope, Under-Secretary of State, and announced in the Canadian Parliament on January 20, 1908. The Japanese Government agreed to restrict Japanese labour emigration to Canada while re-asserting their adherence to the Anglo-Japanese Treaty of 1894 (see *B.F.S.P.*, vol. 86, pp. 39-47) which had been accepted by the Canadian Government without any limitation in 1896. See G. P. de T. Glazebrook, *A History of Canadian External Relations* (London, 1950), p. 210, and *The Annual Register 1908* (London, 1909), pp. 447-8.

During this period Japan made several tentative efforts at co-operation with His Majesty's Government in China but, for reasons which have been discussed in paragraph 10 of the last Annual Report,<sup>4</sup> they came to nothing. She was thrown more and more back upon herself; and China, in the meantime, behaved like an ill-conditioned individual in a country where duelling has just been made illegal. No duel has taken place; but surely it was clear that the time would come when the outraged man of muscle would use his fists; and it would have been the part of political wisdom for Geneva to warn the Chinese solemnly of the certain disaster which awaited them unless they mended their manners. Now we are deafened by the shrill cries of the original offender calling on the world to save him from the results of his own political folly and insufferable conceit.

4. The Lytton Report will, doubtless, give a clear and unbiassed account of the Manchurian imbroglio; and it can scarcely fail to bring out firstly that the incident of September 18th last was, even if its origin is uncertain, quite insufficient in itself to justify the subsequent measures taken by the Japanese military Authorities; and secondly that the Manchukuo Government does not represent the free choice of the Manchurian people. It is safe to say that neither of these conclusions will be accepted as valid by the Japanese Government or people. I have tried during the last few months, with the help of the experienced members of my staff, to form an opinion of the state of mind of the latter. Although they are intensely anxious as to the future of the country, and are torn by conflicting passions, they produce upon me the impression of such abounding vitality that nothing can suppress it. Japan is, I believe, the only country where the birth-rate is rising—an infallible sign in a civilised community of deep-seated optimism and faith in the future.<sup>5</sup> And it seems to me that the Western World should be thankful that this explosive energy and teeming life should have found an outlet in the distant plains of Manchuria where foreign interests hardly exist and where the task is such as to try the strength even of this remarkable people.

5. I am acutely aware that the picture has another side and that many sincere friends of peace, who have striven since the war to produce a state of mind in the world which would make war impossible, are profoundly disturbed by the 'militarism' of Japan which, they believe, threatens the whole structure they have so laboriously raised unless it is now checked. To these I would say three things. The first is that the ideal of perpetual peace is not one which can be attained in a generation. In fact it cannot be attained until the exaggerated notions of national sovereignty which have grown in direct ratio with the spread of the peace ideal are replaced by a realisation that no country, any more than any individual, has the right to make itself

<sup>4</sup> Not printed: paragraph 10 dealt with the abortive attempts (1928-30) to secure Anglo-Japanese co-operation in treaty revision, debt payments, and (in 1931) future loan policy towards China.

<sup>5</sup> Mr. Orde wrote the following marginal comment on this sentence: 'it is due to the age-composition of the population, which started to expand only after 1868 & contains an abnormal proportion of child-bearers. C. W. O.'

an intolerable nuisance to its neighbours. The second is that the boiling vitality which has now found its expression in the Manchurian enterprise cannot, in our opinion here, be curbed at the present time without the gravest risk of war. And if the threat of another great war did succeed in curbing it, I have difficulty in believing that the resulting confusion and disorder in Japan would be of any service to British interests. The third is that it is impossible for those living in Japan to subscribe to the belief that the people are fundamentally militaristic. There is absolutely no trace here of that truculence which was so offensive in Germany, at any rate, before the war; and the absence of crimes of violence is astonishing considering the density and poverty of the population. The courtesy of the people towards each other exceeds anything I have met elsewhere; and there is no country where a foreigner, even a young woman travelling alone, can be so sure, not merely of being free from molestation, but of meeting with eager assistance, given freely and for no reward, if in difficulties. Such a people should not be judged by the behaviour of Japanese roughs in Shanghai, who have left their country for their country's good, or by the excesses of military and other adventurers in Manchuria. Given time to assimilate post-war ideals, there is surely more reason to be hopeful of their conversion than there is of some other countries nearer home.

6. The task before Geneva is bound to be most difficult and complicated. The Council and the Assembly must deal with it as they can; and my duty lies only in advising to the best of my ability His Majesty's Government whose stake and influence in the Far East far outweigh those of any other European country. And I would earnestly beg them to consider the effects on the British position of alienating the most powerful nation in the Far East, with whom our interests harmonised so closely in the immediate past as to give rise to an Alliance beneficial to both countries; and, before that position is endangered, I would ask them to examine in the light of past experience the relative value of the good-will of Japan and of that of a handful of Chinese politicians who are here to-day and gone tomorrow; and to examine critically the advantages likely to be gained by following a line laid down by America which, like England in the days of Palmerston, is so invulnerable that she can with perfect impunity indulge in the loftiest sentiments of humanity when her own interests are not involved. I should be doing less than my duty did I conceal from you my conviction that, by a sympathetic handling of this problem, we now have the chance of gaining the friendship of the only nation in the Far East whose future is, as far as we can judge, reasonably assured and whose power to injure us is almost unbounded. This seems to me a tangible asset worth more than any nebulous advantages we are likely to gain elsewhere.<sup>6</sup>

I have, &c.,

F. O. LINDLEY

<sup>6</sup> In a minute of October 5 on this despatch, Sir R. Vansittart referred to the minutes attached to Sir F. Lindley's telegram No. 351 of September 12 (No. 674 below) which 'show what our immediate policy must be'. Sir J. Simon minuted: 'Yes. And let us try to keep in touch and in line with the U.S. while pursuing the policy indicated. J. S. Oct. 7.'

*Sir F. Lindley (Chuzenji) to Sir J. Simon (Received October 3)*

*No. 452 [F 7126/369/23]*

CHUZENJI, August 31, 1932

Sir,

With reference to my telegram No. 330<sup>1</sup> of the 24th instant I have the honour to report that the activity at the Japanese arsenals and the large orders which are believed to have been placed abroad by the Japanese War Department for warlike stores of different kinds gave rise during the last fortnight to a great deal of talk in irresponsible circles concerning the probability of an immediate outbreak of hostilities with the Soviet. The view of this Embassy has always been, as reported in our despatches and telegrams, that a Russo-Japanese war is an extremely improbable event at the present time for the simple reason that neither country desires it. The present activity here has not altered our view. We believe it to be due partly to a depletion of stocks owing to the hostilities in Manchuria and Shanghai, partly to a desire to employ as many persons as possible and mainly to the determination of the Japanese Government to be ready for any eventuality which the autumn may produce.

2. In conversation with the Vice-Minister for Foreign Affairs this morning on various topics I mentioned to him the rumours which were going the round of Tokyo regarding the possibility of Russo-Japanese hostilities and I expressed to him the views of this Embassy on the subject. Mr. Arita stated in the most emphatic manner that he did not see the slightest possibility of war with Russia in the near future and he confirmed, speaking of course privately, the view that the apparently warlike preparations now proceeding were due to the desire of the Japanese Government to be prepared for anything.

3. Having dealt with the Soviet question Mr. Arita asked me with a smile whether there were also rumours of war between Japan and America. I replied that I had heard none of late though they were common enough two or three months ago; and I added that a Japanese-American war seemed to me as improbable as a war with Russia. I could not conceive Japan or the United States attacking the other especially with Mr. Hoover as President. Mr. Arita again agreed entirely with my view and expressed his satisfaction that the mischievous talk of a war between Japan and America had died down.

4. Before leaving I asked Mr. Arita the truth concerning the visit of Admiral Nomura to the United States which had been mentioned in the Press. He informed me in reply that the visit had not yet been definitely decided upon but that, if the Admiral did go to the United States, he would have no official position. He had a good many friends in the American Navy and it was quite possible that he would go to Washington in order

<sup>1</sup> No. 628.

to get into touch with them. Admiral Nomura is the officer who, as you will remember, lost an eye on the occasion of the bomb outrage at Shanghai<sup>2</sup> and is well-known to foreign naval officers and others as a man of exceptional ability and breadth of view. His choice as unofficial Ambassador of friendship is certainly an excellent one. It is perhaps for this reason that the proposal to send the Admiral to Washington has raised the indignation of reactionary societies here who are protesting loudly against the proposal as derogatory to the dignity of Japan. If the Admiral does not proceed it will no doubt be due to the objections of these super-patriots.

I have, &c.,

F. O. LINDLEY

<sup>2</sup> See No. 291.

### No. 641

*Mr. Ingram (Peking) to Sir J. Simon (Received September 2, 9.30 a.m.)*

*No. 614 Telegraphic [F 6476/1/10]*

PEKING, September 2, 1932, 11.36 a.m.

My telegram 593.<sup>1</sup>

News agencies are carrying alarming reports regarding situation in Shanghai which make it appear that a further clash between Chinese and Japanese may be imminent.

There has undoubtedly been recrudescence of anti-Japanese boycott agitation by isolated unco-ordinated terrorist groups operating more through threatening letters than by overt illegal acts. Both Chinese and Settlement police are finding it difficult to deal with this situation as headquarters of these groups have hitherto eluded detectives. Japanese are taking it all very seriously and both Japanese and Chinese are obviously suffering from nerves; there is a stiffening in their<sup>2</sup> attitude which facts do not seem to warrant as Chinese authorities appear to be doing all they can to suppress illegal boycott activities. There is a good deal of wild talk but no signs as yet that Japanese intend to take any strong action. His Majesty's Commercial Councillor tells me customs returns continue to show increase in Japanese imports but bulk of these goods owing to recrudescence of boycott remains in godowns as merchants have not courage to distribute them.

Repeated to Tokyo, Shanghai, Mission.

<sup>1</sup> No. 633.

<sup>2</sup> This word was amended in accordance with Peking telegram No. 620 of September 3 (received at 9 p.m. that day) to read 'Japanese'.

**No. 642**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 2, 9.30 a.m.)*  
*No. 339 Telegraphic [F 6473/369/23]*

*Confidential*

TOKYO, September 2, 1932, 2.50 p.m.

My telegram No. 330.<sup>1</sup> third paragraph and my despatch No. 429.<sup>2</sup>

Vice Minister for Foreign Affairs informed me this morning in confidence that Soviet Ambassador had asked him as soon as Count Uchida became Minister for Foreign Affairs whether latter was likely to favour signature of pact of non-aggression. Vice Minister for Foreign Affairs had replied Minister for Foreign Affairs had not had time to study the question and Soviet Ambassador had not since returned to the charge. The present position was that Japanese government were considering the question. Principal argument of opponents of pact was that communist propaganda would be intensified as result of signature.

Repeated to Peking.

<sup>1</sup> No. 628.

<sup>2</sup> No. 618.

**No. 643**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 2, 11.50 a.m.)*  
*No. 340 Telegraphic [F 6478/1/10]*

TOKYO, September 2, 1932, 4.25 p.m.

Mr. Ingram's telegram No. 614.<sup>1</sup> Vice Minister for Foreign Affairs informed me this morning that he had no alarming . . .<sup>2</sup> from Shanghai. Serious trouble had been brewing at Hankow but Chinese government were taking adequate steps to stop it.

In reply to my appeal for moderation (? at)<sup>3</sup> Shanghai Vice Minister for Foreign Affairs assured me that both Japanese marines and Japanese authorities will act with greatest prudence. The last thing they wanted was another Shanghai incident.

The Military Attaché was informed by general staff this morning that latter were concerned at tension developing at Shanghai between Chinese and Japanese. There is no question of sending troops unless naval troops proved inadequate for protecting Japanese life and property. The general staff were anxious as we were to avoid further incidents.<sup>4</sup>

<sup>1</sup> No. 641.

<sup>2</sup> The text is here uncertain. A note on the filed copy suggests that it should read 'reports'.

<sup>3</sup> The inclusion of this word was suggested on the filed copy.

<sup>4</sup> Notes by H.M. Military Attaché, Colonel E. A. James, of September 6 (copies received in the Foreign Office on October 13 as enclosures in Sir F. Lindley's despatch No. 478 of September 9) show that these remarks were made by Lieut.-Colonel Maruyama, who also said that 'General I. Matsui, who had just returned from Geneva, where he had been head of the Japanese military delegation, had reported to the Chief of the General Staff that the British officials had been of the greatest assistance in helping to create an atmosphere at Geneva favourable to Japan, for which the Japanese were very grateful'.



General staff suggests it was duty of other powers to help to put an end to the boycott.

Repeated to Peking.

**No. 644**

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 187 Telegraphic [F 6405/65/10]*

FOREIGN OFFICE, *September 2, 1932, 5.30 p.m.*

Your telegram No. 596<sup>1</sup> (Extra-settlement roads and Round Table Conference).

I agree that there is nothing we can do in present circumstances. I shall be interested to hear Sir J. Brennan's views as to feasibility of an agreement applying only to Western district.

I consider it would be unwise to do anything that might lead to a conference.

<sup>1</sup> No. 634.

**No. 645**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 2, 10.30 a.m.)*

*No. 341 Telegraphic [F 6479/6479/10]*

TOKYO, *September 2, 1932<sup>1</sup>*

My immediately preceding telegram.<sup>2</sup>

General Staff were particularly friendly this morning and offered support in recovering British concession at Hankow<sup>3</sup> if His Majesty's Government desired it. Military attaché replied that he did not think this would be in accordance with British policy.

Repeated to Peking.

<sup>1</sup> The time of despatch is not recorded.

<sup>2</sup> No. 643.

<sup>3</sup> For the Chen-O'Malley Agreement of February 19, 1927, transferring to the Chinese Nationalist Government the administrative powers in the former British Concession at Hankow, see Cmd. 2869 of 1927; cf. Volume VIII, No. 1 (p. 10).

**No. 646**

*Mr. Ingram (Peking) to Sir J. Simon (Received September 2, 7 p.m.)*

*No. 612 Telegraphic: by wireless [F 6489/65/10]*

PEKING, *September 2, 1932*

My telegram No. 596.<sup>1</sup>

His Majesty's Consul-General, Shanghai, reports as follows under date August 25th.

At council meeting on August 24th question of publication of outside roads

<sup>1</sup> No. 634.

agreement was discussed. Japanese councillors said they did not believe a majority of rate-payers would be in favour of agreement and that they would resign if it was signed prior to publication. Chinese councillors took the line that if the Mayor had said he could not agree to publication the only thing to do was to sign first and publish later. After considerable discussion the only decision reached was to take no action for the time being.

After meeting Mr. Yu Ya-ching told the chairman that he disagreed with the views of the other Chinese councillors; if Japanese were so opposed to the agreement the Mayor had really nothing to fear from Chinese criticism. Mayor should go to Nanking to obtain the support of the National Government for the agreement and come back and publish it. Signature could then be in a week or two. He undertook to see the Mayor and urge this course on him.

Eleven of the twelve members of the committee of British Residents' Association having had the terms of proposed agreement explained to them expressed themselves in favour of it and apparently also agreed that if necessary it might be signed first and published afterwards.

Japanese Consul-General has communicated to Secretary-General of the council his objections to the scheme.

Repeated to Tokyo.

#### No. 647

*Mr. Ingram (Peking) to Sir J. Simon (Received September 2, 7 p.m.)*

*No. 617 Telegraphic: by wireless [Confidential/Telegrams/53/264]*

PEKING, September 2, 1932

Tibet.

I duly instructed Mr. Holman to convey message and make representations to Waichiaopu as instructed in your telegrams Nos. 173<sup>1</sup> and 178.<sup>2</sup> Mr. Holman's report of his interview with Vice-Minister for Foreign Affairs is contained in my immediately following telegram.<sup>3</sup>

Chinese reaction is what I expected, and I venture to submit that we should not press our representations any further. We should only be met by awkward question about the arms and by statement that our intervention would have come better if it had been offered when Tibetans were attacking and not when they were retreating.

(Repeated to India and mission.)

<sup>1</sup> No. 613.

<sup>2</sup> Not preserved in Foreign Office archives.

<sup>3</sup> No. 648.

*Mr. Ingram (Peking) to Sir J. Simon (Received September 2, 9.15 p.m.)*  
*No. 618 Telegrammic: by wireless [Confidential/Telegrams/53/264]*

PEKING, September 2, 1932

Following received from mission, No. 321 of 31st August:—

‘Your telegram No. 413.<sup>1</sup>

‘I saw Hsu Mo<sup>2</sup> this morning and made representations to him in the sense of Foreign Office telegram No. 173.<sup>3</sup> As regards question of supply of arms, he pointed out that, although, in theory, our case might be strong, in practice Government of India had no real guarantee that arms would not be used for purposes other than internal defence and police work. He had information that arms now employed by Tibetans were of British manufacture, although, of course, there was no specific evidence that they belonged to consignments supplied under 1921 agreement.

‘2. I then informed Hsu Mo as tactfully as possible that both Government of India and His Majesty’s Government were prepared to offer their good offices to Chinese Government if latter wished to avail themselves of them with a view to securing a cessation of fighting. I drew his particular attention to the assistance which we had rendered them in the past in Sino-Tibetan affair. He expressed appreciation of our goodwill, but thought the best way to prevent further fighting would be for Government of India to cease supplying Tibetans with arms. If they did that Tibet would very quickly give up the struggle. Hsu Mo gave no sign [? of] welcoming mediation in any shape or form.

‘3. We are treading on very delicate ground, and my personal impression is that, although not outwardly resenting my representations, he was in no mood to pursue any discussion of mediation, which, in his opinion, could only savour of interference by us in Chinese domestic affairs. When I suggested he might find an opportunity of mentioning matter to Minister for Foreign Affairs, he replied that it was far too delicate a question to lay before him. At present Chinese troops are apparently victorious, and therefore moment does not appear particularly propitious for urging Chinese Government to agree to armistice with Tibetans, whom they look upon as having taken the offensive. First move might, therefore, with advantage come from Tibetan side. On the other hand, my representations may bear fruit in the long run in the event of Chinese either being compelled later to retire or realising that best terms obtainable for any agreement with Tibet might be through our mediation.

‘4. I understand Chinese troops have full support of Central Government. Hsu Mo has no information regarding campaign itself.’

<sup>1</sup> Not traced in Foreign Office archives: presumably it contained Mr. Ingram’s instructions to Mr. Holman, cf. No. 647.

<sup>2</sup> Chinese Political Vice-Minister for Foreign Affairs.

<sup>3</sup> No. 613.

*Mr. Garstin (Harbin) to Mr. Ingram (Peking)*<sup>1</sup>

*No. 71 [F 7155/1/10]*

HARBIN, September 2, 1932

Sir,

As there have been several statements in the Press recently regarding a protest alleged to have been filed by the local representative of the Ministry of Foreign Affairs at Changchun with the Soviet Consul-General at Harbin against the reported movement of Soviet troops across the frontier near Manchuli, I asked my Soviet colleague, during a visit which he paid me yesterday, what was the truth of the matter.

2. Mr. Slavoutsky replied that he had received a letter from the Commissioner for Foreign Affairs at Harbin on the 17th instant, in which the latter had called attention to 'trustworthy reports' that had reached him of the movement of parties of Soviet troops across the Sino-Soviet frontier near Manchuli, where, it was alleged, they had been seen digging trenches and erecting barbed-wire entanglements. The Commissioner had asked that these activities should cease forthwith.

3. After reporting the Manchurian Government's representations to his own Government Mr. Slavoutsky had been instructed to reply, and had replied, that the reports referred to were baseless, and that the Soviet troops near the frontier at Manchuli had remained in the position to which they had withdrawn on the termination of the Sino-Soviet conflict of 1929.<sup>2</sup> He added, for my information, that they were at least six kilometres from the frontier.

4. I also inquired as to the present position of the dispute between the Chinese Eastern Railway and the River Transportation Office of the Manchurian Government regarding the ownership of the wharves and warehouses on the foreshore of the Sungari river at Harbin (please see my despatch No. 59<sup>3</sup> of the 19th July). Mr. Slavoutsky said that negotiations were still proceeding, but that no agreement was yet in sight. An attempt had been made by the Transportation Office to find a formula which would slur over the question of the ownership of the wharves and warehouses, but the present dispute had arisen owing to an ambiguity of that kind and the Chinese Eastern Railway could not allow it to be repeated.

I have, &c.,

C. F. GARSTIN

<sup>1</sup> A copy of this despatch was received in the Foreign Office on October 4; no covering despatch has been traced in Foreign Office archives.

<sup>2</sup> Cf. Volume VIII, pp. 1024-5.

<sup>3</sup> Copy received in the Foreign Office on August 2, not printed. Cf. No. 535.

No. 650

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 3, 9 a.m.)*  
*No. 342 Telegraphic [F 6492/1/10]*

TOKYO, September 3, 1932, 1.40 p.m.

With reference to reports telegraphed abroad yesterday by foreign correspondents that Japan would conclude treaty with Manchukuo before September 15th<sup>1</sup> Director of Asiatic Bureau of Japanese Foreign Office informed secretary of Embassy this morning as follows.

Japan proposed to conclude treaty with Manchukuo before the end of September. Details of this treaty have not been definitely decided upon as treaty itself was still under negotiation and had not yet been approved by Privy Council. But treaty would provide (a) that each country would respect territorial sovereignty of the other, (b) that Japan would make herself responsible for internal and external defence of Manchukuo on condition that she should have the right to station Japanese troops in any part of Manchuria.

Mr. Tani remarked that this did not savour in any way of Japanese protectorate of Manchukuo as Changchun would control its own finances and foreign affairs.

Question of notifying the Powers beforehand had not yet been decided.  
Repeated to Peking.

<sup>1</sup> See *The Times*, September 3, p. 10.

No. 651

*Mr. Ingram (Peking) to Sir J. Simon (Received September 3, 7.10 p.m.)*  
*No. 621 Telegraphic: by wireless [F 6496/65/10]*

PEKING, September 3, 1932

My telegram No. 612.<sup>1</sup>

United States Minister tells me State Department advocate<sup>2</sup> that we should let all representative British and American associations and bodies in Shanghai know through our Consuls General in Shanghai that our respective governments approve agreement and would like to see it signed, and my United States colleague has so telegraphed<sup>3</sup> to the State Department.

Repeated to Shanghai, Tokyo and Mission.

<sup>1</sup> No. 646.

<sup>2</sup> See *F.R.U.S.* 1932, vol. iv, p. 642.

<sup>3</sup> This may be a reference to Mr. Johnson's telegram of September 3 to the U.S. Secretary of State (see *ibid.*, p. 643) reporting, as in No. 646, on the Shanghai Municipal Council's meeting on August 24.

No. 652

*Mr. Ingram (Peking) to Sir J. Simon (Received September 3, 9 p.m.)*

*No. 624 Telegraphic: by wireless [F 6499/1/10]*

PEKING, *September 3, 1932*

United States Minister tells me he has just received telegram from United States Ambassador Tokyo, to the effect that Vice Minister for Foreign Affairs told latter yesterday that statements made by spokesman of Foreign Office to various correspondents—see Reuters telegram of September 2nd<sup>1</sup>—re forthcoming signature and contents of Japanese-Manchurian protocol were substantially correct but that he did not wish to be quoted.

Repeated to Tokyo, Mission and Commander-in-Chief.

<sup>1</sup> Cf. No. 650, note 1.

No. 653

*Note from the Chinese Minister for Foreign Affairs to Mr. Ingram (Peking)*<sup>1</sup>

*[F 7818/2/10]*

*Translation*

*September 3, 1932*

Monsieur le Chargé d'Affaires,

I have the honour to inform you that since the dispossession of the Chief Inspectorate of Salt Revenue in Manchuria by the Japanese authorities about April 1 last<sup>2</sup> no funds whatsoever have been remitted from Manchuria for payment of foreign loans secured upon the salt revenue of China.

I enclose for your information in this connection (1) a copy of a letter<sup>3</sup> which the Chief Inspectors of Salt Revenue have addressed to the Japanese Legation, and (2) a copy of a memorandum<sup>3</sup> which has been communicated to the Commission of Inquiry of the League of Nations by the Chinese Assessor.

It is clear that these seizures of loan funds materially prejudice the security of the loans being paid out of salt revenue, large payments on which are due in September. These seizures also impair the ability of the National Government to meet its other commitments. In view of the interest which British nationals have in loans secured upon the salt revenue, I have the honour to draw to the attention of the British Government, for such action as they may consider appropriate, the serious situation which has resulted from the dispossession of the offices in Manchuria of the Chief Inspectorate.

I avail myself of this opportunity to renew to you, Monsieur le Chargé d'Affaires, the assurance of my high consideration.

LO WEN-KAN

<sup>1</sup> This translation was transmitted to the Foreign Office under cover of Mr. Ingram's despatch No. 1199 of September 17, received November 5.

<sup>2</sup> Cf. No. 166.

<sup>3</sup> Not printed.

**No. 654**

*Mr. Ingram (Peking) to Sir J. Simon (Received September 4, 2.35 p.m.)*  
*No. 626 Telegraphic [F 6501/1/10]*

PEKING, September 4, 1932, 7.30 p.m.

League Commission's report was unanimously signed this morning about 8.30 and Lord Lytton and Astor left Peking by aeroplane shortly after ten a.m. for Shanghai whence they sail for Europe tomorrow in s.s. 'Gange' due Venice about September 28th.

Repeated to Tokyo, Mission and Commander-in-Chief.

**No. 655**

*Mr. Ingram (Peking) to Sir J. Simon (Received September 5, 5.5 p.m.)*  
*No. 632 Telegraphic [F 6524/1/10]*

PEKING, September 5, 1932, 5.40 p.m.

Following received from Mukden, September 3rd.

Begins.

Addressed to Peking telegram No. 72, repeated by post to Harbin, Newchwang, Dairen.

Mukden despatch No. 122,<sup>1</sup> paragraph 9.

Japanese official reports announcement that on September 1st, Minister for Foreign Affairs, Changchun, telegraphed to Minister for Foreign Affairs, Nanking, protesting against activities of agents of Chang Hsueh-liang based on frontier of Jehol. Protest concludes by holding the Nanking Government responsible for 'any drastic step new State might be forced to take'.

Copy of protest was telegraphed simultaneously to Chang Hsueh-liang at Peking.

Ends.

<sup>1</sup> Of August 11 to Peking, not printed: copy received in the Foreign Office on September 15 as enclosure in Mukden despatch No. 119 to the Foreign Office. Paragraph 9 reported a statement by Mr. Miura, one of the Japanese consular staff in Mukden, that 'while Japanese Military Headquarters had decided that it was high time that Chang Hsueh-liang was removed from Peking by hook or by crook, they had been entirely unsuccessful as regards finding a satisfactory hook or crook'.

**No. 656**

*Mr. Ingram (Peking) to Sir J. Simon (Received September 5, 6.30 p.m.)*  
*No. 628 Telegraphic: by wireless [F 6523/1/10]*

*Very confidential*

PEKING, September 5, 1932

Lord Lytton tells me that in answer to formal enquiry as to Japanese intentions in Jehol area, Japanese assessor has given him following written reply.

'Although maintenance of order in Jehol is a matter of internal policy of Manchuria, Japan cannot be indifferent to the situation in that region in view of important role played by Japan in maintenance of peace and order in Manchuria and Mongolia. Disorders in Jehol would immediately produce serious repercussions throughout Manchuria and Mongolia.'

Please treat above with utmost confidence.

No. 657

*Mr. Strang (Moscow) to Sir J. Simon (Received September 22)*

*No. 491 [F 6894/1/10]*

*Confidential*

MOSCOW, September 5, 1932

Sir,

I have the honour to submit the following record of some remarks made to me on September 3rd by Mr. Amau, Counsellor of the Japanese Embassy in Moscow, on the subject of Soviet-Japanese relations. Mr. Amau spoke as usual with some frankness, and his opinions are, I think, entitled to respect.

2. He said that, in his opinion, the American correspondents in Moscow, and Mr. Duranty of the 'New York Times' in particular, were using the theme of Soviet-Japanese relations as a pawn in the present campaign for recognition of the U.S.S.R. by the United States of America. A few months ago Mr. Duranty had pictured the Soviet Union and Japan as being on the brink of war, the implication being that recognition of the Soviet Union by the U.S.A. would strengthen the hands of both of them against Japan (compare Radek's remarks in paragraph 3 of the enclosure in your despatch No. 357<sup>1</sup> of May 30th). A week or two ago, on his return from the U.S.A., Mr. Duranty had apparently discovered the Soviet Union and Japan to be hand-in-glove on the question not only of Manchuria but of China in general. In these circumstances the idea was that by recognising the Soviet Union at this moment, the U.S.A. would be better able to place a restraining hand upon Russia. Mr. Duranty had since realised that he had gone too far in his reports of a Soviet-Japanese rapprochement and had now sent a correcting report to his paper, but he and the rest of the American correspondents were still in an unjustified state of excitement on the subject and were using their imaginations too much. The fisheries agreement had recently been concluded,<sup>2</sup> but nothing of any importance was now going on between the two countries.

3. As regards the Russian proposal for a pact of non-aggression, the position was as follows. The Soviet authorities had made a miscalculation when M. Litvinov suggested to M. Yoshizawa the conclusion of a pact of non-aggression between the Soviet Union and Japan.<sup>3</sup> They had counted too much upon the personal relations between M. Karakhan and

<sup>1</sup> See No. 270, enclosure and note 1.

<sup>2</sup> See Nos. 608-9.

<sup>3</sup> On December 31, 1931; cf. No. 362.



M. Yoshizawa (who had negotiated and signed the Soviet-Japanese agreement of 1925)<sup>4</sup> and had thought too little about Japanese public opinion. The Japanese Government had up to the present made no reply to M. Litvinov's suggestion. They had indeed not made up their minds on the subject. There had been a good deal of comment in the Japanese press, but no official statement of opinion.

4. In M. Amau's own opinion a pact of non-aggression on the lines of those concluded between the Soviet Union and her Western neighbours would be an empty gesture. The border States did not really believe that their pacts with Russia would protect them if the Russians really wanted to attack them. It was not generally realised that the treaty relations between the Soviet Union and Japan already in some respects went beyond the terms of the usual pacts of non-aggression, in that by the Treaty of Portsmouth<sup>5</sup> both parties bound themselves not to concentrate troops on each other's borders. Furthermore, since 1930 Soviet officers had been attached to the Japanese Army and Japanese officers to the Red Army. If, however, a Soviet-Japanese pact of non-aggression could be negotiated which would provide that Soviet Russia would not attack Manchuria and that Japan would not attack Outer Mongolia, there might be some point in it. He did not think such a treaty was practical politics nor did he suggest that the Japanese Government had any such provision in mind or that the idea was any other than his own.

5. With Sir Francis Lindley's despatch No. 144<sup>6</sup> of March 12th in mind, I asked M. Amau whether he had any idea what importance the Soviet Government really attached to their interest in the Chinese Eastern Railway. He said this was a point which interested the Japanese Government greatly but that they found it difficult to form a precise opinion on the subject. The whole question of the Chinese Eastern Railway as between Russia and Japan was a delicate one, which neither side had as yet ventured to broach with the other. Formally, of course, the question was one which concerned Russia and China alone, and Japan had no *locus standi* to discuss it.

6. One thing, he said, was obvious, namely that the Soviet Government had not the Imperial Russian Government's strategic interest in the railway as a means of consolidating a sphere of influence in Northern Manchuria. Their interest in it was twofold, first as a commercial undertaking, and secondly as a means of extending Communist influence by the establishment of agencies of the Railway in various parts of China. The Chinese Delegation in Moscow had, he understood, unsuccessfully attempted to secure Soviet acceptance of two demands in regard to the railway,—first, that the agencies should be suppressed or their political activities curtailed, and secondly that existing agreements should be more faithfully observed by the Russians, who had usurped a predominant voice in the administration of the railway at the expense of the Chinese. The Russians had successfully resisted both demands. He thought it probable however, that as the Manchukuo Government

<sup>4</sup> Signed at Peking on January 20, 1925; for the text see *B.F.S.P.*, vol. 122, pp. 894 ff.

<sup>5</sup> Cf. No. 125, note 3.

<sup>6</sup> No. 72.

became consolidated, as it was steadily doing, the Russians would find the pressure upon them becoming increasingly strong, and might be brought to yield on these or other points.

7. From the purely commercial aspect, the railway had become rather a liability than an asset to the Soviet Government. Quite apart from the recent floods, which had interrupted communications, the railway had suffered from the prevailing depression, from the competition of rival Sino-Japanese railways, and from a poor bean crop. Even before the floods, the railway had been losing from 40,000 to 60,000 yen a month, instead of making (as I understand) a profit of two or three million pounds a year. In these circumstances his own personal opinion was that if the Russians could obtain material compensation for their interest in the railway, they would not be sorry to cut their losses and clear out. He recalled that Lenin<sup>7</sup> had wanted to abandon all rights over the railway in 1919, but had been dissuaded by Sun Yat Sen,<sup>8</sup> who suggested a postponement on the ground that if the railway were abandoned by the Russians at that time it would merely pass into the hands of Chang Tso-lin.<sup>9</sup>

I have, &c.,  
WILLIAM STRANG<sup>10</sup>

<sup>7</sup> President of the Soviet Russian Council of People's Commissars (d. 1924).

<sup>8</sup> Leader of the Chinese Nationalist Kuomintang party (d. 1925).

<sup>9</sup> See No. 390, note 1.

<sup>10</sup> Mr. Strang's later despatch on Soviet-Japanese relations, No. 546 of September 27, is printed in Volume VII, No. 161.

## No. 658

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 6, 10.30 a.m.)*  
*No. 343 Telegraphic [F 6532/65/10]*

TOKYO, September 6, 1932, 4.17 p.m.

Mr. Ingram's telegram No. 621.<sup>1</sup>

I deprecate our going into open opposition to Japanese in this matter unless (1) scheme is considered so favourable that no effort should be spared to put it through and (2) we are confident that Japanese opposition can be overcome or disregarded with impunity. It is difficult for us to believe that this last proviso can be fulfilled or that an Anglo-American demonstration of hostility can do anything but harm.

Repeated to Peking.

<sup>1</sup> No. 651.

*Mr. Ingram (Peking) to Sir J. Simon (Received September 8, 9.30 a.m.)*  
*Nos. 636 and 637 Telegraphic: by wireless [Confidential/Telegrams/53/264]*

My telegram No. 617.<sup>1</sup>

PEKING, September 6, 1932

I have now received from Mr. Holman further report of 24th August<sup>2</sup> on his interview with Vice-Minister for Foreign Affairs, as follows:—

‘As attitude of Hsu Mo was throughout very cold and uncompromising as regards offer of our services in any form in Chinese-Tibetan issue, I felt it extremely unwise to inform him quite bluntly after his very marked lack of response that Weir was going to Lhasa at invitation of Tibetan Government and would use his influence in the direction of peace.<sup>3</sup> I am very much afraid his suspicions may be aroused and that he might raise immediate objections to such a journey and bring in geographical issues. I accordingly informed him in general terms that Government of India were most anxious to do whatever they could through their officials in the matter of using their influence with Tibetan authorities in any way possible with a view to securing restoration of peace; I did not, however, specifically mention Weir’s invitation to Lhasa. I personally very much feel it is far better for Weir to proceed to Lhasa as a matter of routine and bring what pressure he can to bear unofficially on Tibetan authorities without our making any formal notification to Waichiaopu here, or failing that for us to let Waichiaopu know that he may be at present in Lhasa and that they will, of course, appreciate any efforts he can make with Tibetan authorities with a view to securing a cessation of hostilities. In my humble opinion first alternative is infinitely preferable. If Waichiaopu later enquire about Weir’s activities at Lhasa we can always give some satisfactory reply. In view of foregoing considerations do you still wish me to inform Hsu Mo of Weir’s visit?’

‘I fully support views expressed in your telegram No. 617 to Foreign Office. I trust we may be brought into the picture as little as possible, as every point bristles with difficulties and there is little scope for any discussion on such a delicate subject with Chinese Government without possibility of being drawn into deep water.’

2. I feel it would be wiser for us not to reopen subject with Waichiaopu, but if you still consider it essential that Colonel Weir’s visit should be mentioned it should not be impossible for Mr. Holman to refer to it in casual conversation without risking a controversy.

3. I should be glad of your instructions.  
 (Repeated to India.)

<sup>1</sup> No. 647.

<sup>2</sup> The text here appears to be corrupt. Mr. Holman was presumably reporting further on his interview with Mr. Hsu Mo on August 31 (see No. 648). The date of his report was probably later than September 2, the date of despatch to the Foreign Office of Peking telegram No. 617 on which he comments in the second paragraph below.

<sup>3</sup> Cf. No. 613.

*Mr. Ingram (Peking) to Sir J. Simon (Received September 8, 10.30 a.m.)*  
*No. 640 Telegraphic: by wireless [F 6597/65/10]*

PEKING, September 7, 1932

My telegram No. 621.<sup>1</sup>

His Majesty's Consul General Shanghai reports as follows.

Begins:—

Japanese Councillors only threatened to resign if agreement were signed before publication on the ground that they had promised Japanese rate-payers opportunity of considering draft before they were committed to it. As British Councillors hold the same view question of resignation does not arise as yet.

Nevertheless Japanese authorities seem determined to block agreement if they can and Japanese Consul General has written to Senior Consul maintaining that it should be submitted to the Powers concerned for (? further consideration) before conclusion.<sup>2</sup> He requests Consular Body meeting to discuss this point and Senior Consul has agreed to convene one after his return from leave on September 16th.

I discussed matter in a private conversation with Yano<sup>3</sup> yesterday and eventually asked what would happen if Municipal Council decided by a majority vote to conclude agreement in spite of Japanese opposition. I suggested that Japanese could not force the Council to police outside roads if they did not want to. He replied that Japanese government regarded the question as of great importance and a serious situation would arise if their wishes were disregarded. This of course may be bluff and Lord Lytton told me yesterday he did not believe Japanese desired to provoke further trouble in Shanghai. Nevertheless it is within their power to make things difficult for Council in and out of settlement by provoking incidents and then interfering with their armed forces.

Whilst Councillors refuse to sign before publication the Chinese refuse definitely to publish before signature for fear of their own extremists and so for the present there is a deadlock.

I have referred your suggestion regarding limitation of agreement to western district to all parties concerned and they are all sceptical as to its possibility in present circumstances.

Despatch follows.<sup>4</sup>

Ends.

I will comment upon receipt of Mr. [sic] Brennan's despatch.

Repeated to Tokyo.

<sup>1</sup> No. 651.

<sup>2</sup> See No. 649, note 2.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 645.

<sup>4</sup> See No. 679 below, note 3.

*Mr. Ingram (Peking) to Sir J. Simon (Received September 8, 10.30 a.m.)*

*No. 642 Telegraphic: by wireless [F 6605/1/10]*

PEKING, September 7, 1932

I presume the War Office will show you Brigadier Tientsin's telegram—J/5250 of September 6th.<sup>1</sup>

I have discussed the situation both with His Majesty's Consul-General and Brigadier Tientsin and we do not think we can discount the possibility of Japanese attempt to sterilise Peking and eliminate Young Marshal thanks to organisation of volunteer movement in Manchukuo which is centred here. In this connexion stern warning from Manchukuo to Nanking and Young Marshal see Mukden telegram No. 72<sup>2</sup> is significant. If successful such action would help to solve Jehol problem but once started there is no knowing where it would stop. While the authorities in Tokyo may well be averse from any of these commitments our experience has shown the ease with which the local military can take the bit between their teeth and precipitate a situation which forces Tokyo's hand.

2. Local Japanese military both here and in Tientsin are beginning to talk of the possibility of action in Peking-Tientsin area with less reserve than formerly, while recent behaviour of Japanese Legation Guard both generally and in particular in insisting on carrying out provocative and in experts' opinion unnecessary manoeuvres at Headquarters . . .<sup>3</sup> has aroused our suspicions and apprehensions and Commandants of Legation Guards are through Senior Commandant making representations to Japanese Commandant.<sup>4</sup>

3. In any event it is unlikely that any action would take place much before the end of the month until after Manchukuo has been recognised and high crops are down. At the moment situation both in Tientsin and Peking is . . .<sup>3</sup> quiet.

4. My United States colleague shares view that the above possibility cannot be ignored.<sup>5</sup>

5. My immediately following telegram contains Military Attaché's review of the situation.<sup>6</sup>

Addressed to Foreign Office, repeated to Tokyo and Mission.

<sup>1</sup> Copy received in the Foreign Office from the War Office on September 13. It reported the Japanese Chief of Staff as saying on September 7 that no guarantee could be given that the Japanese army would not act inside the Wall. But if the Young Marshal were murdered or otherwise eliminated 'everything will remain peaceful'.

<sup>2</sup> No. 655.

<sup>3</sup> The text is here uncertain.

<sup>4</sup> Mr. Ingram's telegram No. 645 to the Foreign Office of September 8 said that the commandants had agreed to draw up representations for presentation to the Japanese if their provocative activities were resumed.

<sup>5</sup> Mr. Ingram's telegram No. 647 to the Foreign Office of September 8 said that the French Minister was of similar opinion.

<sup>6</sup> See No. 665.

*Letter from Mr. Ingram (Peking) to Mr. Orde (Received October 19)*

[F 7500/5851/10]

PEKING, September 7, 1932

My dear Orde,

You will have noted perhaps from some of my telegrams that the attitude, present and future, of the Japanese Legation Guard here has been causing us all some concern. The United States Minister was, as my telegram No. 547<sup>1</sup> of August 10th indicated, in favour actually of making representations at Tokyo about it all and had without my previous knowledge bunged off to the State Department recommendations to that effect. While it would be foolish to draw alarmist conclusions from the activities and demeanour of the Japanese Guard, I can't help feeling that you should know something about their antics.

2. For the last three weeks or more they have been, to our minds, quite unnecessarily provocative in their exercises and manoeuvres outside the Legation Quarter. I enclose a note<sup>2</sup> written by a member of my staff who watched one of the night exercises in the City. These are in addition to the exercises and manoeuvres which take place outside the City, a list<sup>2</sup> of which, as communicated to our Commandant by his Japanese Colleague, I also enclose. While the Chinese authorities have, I understand, always been similarly informed and have taken the utmost precaution by putting on extra police, etc. in the areas concerned, the fact of these constant Japanese excursions outside their normal sphere of action in the Legation Quarter can only have an unsettling effect on the population and an irritating one on the Chinese authorities.

3. Latterly, however, they have begun to annoy the foreigners inside the Quarter itself. Our musical ears are all offended by the most ghastly attempts of amateur Japanese buglers to practice [*sic*] their instruments at all hours of the day and they parade the streets making warlike noises and singing what I imagine to be their version of 'It's a long way to Tipperary',<sup>3</sup> while their constant bayonet practice is done to the accompaniment of blood-curdling yells to the annoyance of all within a considerable radius. The above of course is pretty harmless; but when it comes, as it did last Saturday,<sup>4</sup> to the Japanese sentry at the entrance to their Legation forcing pedestrians at the point of the bayonet off the pavement into the gutter for literally no reason whatever—there was nothing either leaving or entering the Japanese Legation at the moment—I thought it time to put in a friendly word of caution as the persons concerned were British subjects and had complained about it to a member of my staff. So I sent my Commandant (Major Prendergast) round to see the Japanese Commandant and tell him that it was not a matter which I was going to take up officially, but that

<sup>1</sup> No. 599.<sup>2</sup> Not printed.<sup>3</sup> A song popular with the British troops during the first World War.<sup>4</sup> September 3.

British subjects had just as much right to walk on the pavement outside his Legation as Japanese subjects had outside mine. An account of Prendergast's interview with his Japanese opposite number and of the latter's subsequent apology are also attached.<sup>2</sup> All the above is of course very petty, perhaps, and you may rest assured that I am not going to allow anything of a similar nature to develop into an incident.

4. A worse case, however, occurred the other night in the garden of one of the American Marine Officers who lives in a house adjoining the Japanese Compound. Suddenly the garden was invaded from over the wall by a posse of Japanese soldiers with bayonets fixed who uttered their tiresome yells and began popping out at each other from behind the bushes—all without so much as a 'by your leave'. Again an apology was in due course forthcoming.

5. It is really quite as comic as it is irritating, and I only pass it all on to you as giving some indication of the mentality of the Japanese military here in Peking. They openly hint that if there is trouble they will go their own way and no one has many illusions as to the likelihood of their conforming with the instructions of the Senior Commandant. They pay not the remotest attention to their Legation (in charge now of a puny Secretary only) and regard themselves as under the orders of the Japanese General at Tientsin. The lines, moreover, on which their minds run regarding possible developments in North China is [*sic*] significant—see Prendergast's minute, dated August 31st, of his conversation with his Japanese colleague<sup>5</sup> the day before. What it boils down to is that they are all 'on their toes', so to speak, becoming more and more provocative to the local Chinese and more and more irritating and boorish to those who live in their proximity or have to have dealings with them.

6. I am sending Sir F. Lindley a copy of this letter in case it should be of interest to him.

Yours ever

E. M. B. INGRAM

<sup>5</sup> Colonel Aihara. Major Prendergast recorded that, among other things, Colonel Aihara said that 'Manchukuo would quite possibly demand that all Chinese troops be withdrawn South of the Yellow River and the country so vacated be policed by Chinese police and Manchukuo troops', and that 'Japanese troops and aeroplanes might be as easily lent to assist in this as hired to take part in cinema films'. Cf. *F.R.U.S.* 1932, vol. iv, pp. 214-15.

### No. 663

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 8, 10.30 a.m.)*

*No. 345 Telegraphic [F 6606/1/10]*

TOKYO, September 8, 1932, 4.15 p.m.

Mr Ingram's telegrams Nos. 642 and 643.<sup>1</sup>

We think it most unlikely Japanese military will do anything serious

<sup>1</sup> Nos. 661 and 665 respectively.

without approval of Japanese government which is now dominated by military elements. This was not the case last autumn.

Military Attaché believes that Japanese General Staff have their plan cut and dried for all eventualities in Jehol and that if Young Marshal takes the initiative in that province but not otherwise Japanese will strike at him from Tientsin. We believe that Japanese are anxious to be quit of their difficulties in Manchuria before tackling Jehol and Military Attaché has had no indication that they intend to use Chang's encouragement of voluntary movement as excuse for attacking him. But if this encouragement leads to Manchurian disorders I do not consider it impossible Japanese will strike at Chang apart from Jehol question.

Repeated to Peking.

#### No. 664

*Mr. Osborne (Washington) to Sir J. Simon (Received September 9, 9.30 a.m.)*

*No. 364 Telegraphic [F 6669/1/10]*

*Private and Personal*

WASHINGTON, September 8, 1932, 7.41 p.m.

1. I had a long interview with Stimson yesterday, which was not very productive as he has only just returned to work and has not yet had time to familiarize himself with details of current affairs. I have reported in my telegram No. 360<sup>1</sup> what he said regarding recent German initiative which was primary motive of my visit.

2. As I was leaving he asked me to assure you that he still attached the greatest importance to his agreement with you on desirability of close collaboration on all matters of common interest, and in this connection I think I should report what he said on two other points that were touched on in our conversation.

3. He said he had been struck by similar tone recently revealed in pronouncements at Berlin and Tokyo. I then made some reference to report of Manchurian Committee<sup>2</sup> and potential consequences of its publication, as I wanted to see if he would refer to alleged divergence of British and American view, the recent press preoccupation with which I reported in my despatch No. 1276<sup>3</sup> of August 18th. He said nothing of this but I gathered he was anxious in regard to action which will be taken on report at Geneva. I enquired whether there had been any discussion of potential developments and policy through United States Embassy in London, but he intimated that there had not, for he said he did not wish to appear officious. He pointed out that report was a League matter in which United States were therefore only indirectly interested, in spite of presence of an American member of Committee.<sup>2</sup> In these circumstances he said further he found himself somewhat in a dilemma for he wanted to avoid appearing either butting in or

<sup>1</sup> Volume IV, No. 74.

<sup>2</sup> It was suggested on the filed copy that this word should read 'Commission'.

<sup>3</sup> Not printed.



holding back. But American position had been made abundantly clear. My impression was that he hoped Assembly may follow United States doctrine and refuse to recognise Manchukuo. There is undoubtedly uncertainty and anxiety at State department regarding attitude of His Majesty's Government and if there is a likelihood of divergence of opinion, it might be well, in the interests of general policy of collaboration, frankly to explain beforehand our views and motives.

4. The other point was our recognition of Martinez government in San Salvador<sup>4</sup> to which he referred after I had enquired whether a decision had been taken regarding recognition of Chilean government (see my telegram No. 361).<sup>5</sup> He expressed regret at this and explained reasons for American policy of non-recognition under arrangements with Central American countries.<sup>6</sup> I said our renewal of relations was necessary for protection of our commercial interests and that it had not the same political importance as recognition by United States government.

<sup>4</sup> Mr. R. G. Goldie had been nominated H.M. Chargé d'Affaires *ad interim* at San Salvador on July 23, 1932: he did not present his credentials until September 27.

<sup>5</sup> Of September 7, not printed.

<sup>6</sup> See *F.R.U.S.* 1932, vol. v, pp. 566-612.

#### No. 665

*Mr. Ingram (Peking) to Sir J. Simon (Received September 9, 9 a.m.)*

*No. 643 Telegraphic: by wireless [F 6624/1/10]*

PEKING, September 8, 1932

My immediately preceding telegram.<sup>1</sup>

Following is summary of Military Attaché's appreciation.

Grave warning issued to Nanking government September 3rd gives rise to speculation as to what form the sensational action specified therein will take. Fact that it has been repeated to Young Marshal seems to indicate some action in North China to eradicate volunteer movement which is largely kept alive by Nanking government and through the agency of Peking branch of Military Council which is merely strengthening the Marshal.

Japanese have for some time been reiterating that elimination of Marshal is essential to pacification of Manchuria. They also insist that Jehol is part of new state. Their objects are therefore (1) to cut at the root of the volunteer movement, (2) to occupy Jehol province. Courses open to Japanese to obtain these objectives are (a) an advance through Chaoyang on Jehol a distance of 150 miles of mountain road with precarious communications exposed to a flank attack from the Marshal's subsidiary troops at Hsifengkou and Lengkou while his main forces are only 45 miles distant from Jehol. This method of attack would be extremely costly and dangerous. (b) An

<sup>1</sup> No. 661.

advance along railway through Shanhaikuan to Taku but this would not solve Jehol problem at all unless Peking is the objective. (c) A direct attack on communications of Marshal's troops by an advance from Taku on Peking. Chinese troops are notoriously sensitive to a threat to their rear and a swift blow at Peking would probably disorganise the whole of the forces along the Wall where most of the Marshal's brigades are stationed. He seems to have no plan for defending Tientsin beyond a hope that Han Fu-chu will undertake the task. There are however strong suspicions that latter is friendly to Japanese who are said to have purchased [? his] neutrality.

Repeated to Tokyo and Mission.

**No. 666**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 9, 9.30 a.m.)*  
*No. 346 Telegraphic [F 6609/1/10]*

TOKYO, September 9, 1932, 1.30 p.m.

I learn that Japanese government have requested League of Nations Secretariat not to publish report of Commission until Japanese government have had time to draw up their observations which they wish to publish simultaneously. It is calculated that six weeks will be required by Japanese government after reception of report.

Repeated to Peking.

**No. 667**

*Mr. Ingram (Peking) to Sir J. Simon (Received September 9, 7.30 p.m.)*  
*No. 650 Telegraphic: by wireless [F 6639/1/10]*

PEKING, September 9, 1932

Shanghai telegram No. 224.<sup>1</sup>

The action of Japanese appears to have been very high-handed and their claim to receive apology baseless. I therefore request your authority to support Council so far as may be necessary. At the same time a word at Tokyo from His Majesty's Ambassador in light of facts might cause Japanese to cool down a bit.

Repeated to Shanghai and Tokyo.

<sup>1</sup> See No. 668 below.

*Mr. Ingram (Peking) to Sir J. Simon (Received September 10, 9.30 a.m.)*  
*No. 649 Telegraphic [F 6648/1/10]*

PEKING, *September 10, 1932, 12.38 p.m.*

Following received from Shanghai No. 224 of August [? September] 8th.  
Begins.

Addressed to Peking No. 224, copy to Mission.

On evening of September 2nd truck load of Japanese marines returning from recreation in Hongkew to their quarters in Japanese mills in western district turned into Nanking road from Bund when some insult was shouted by a Chinese on the road. Truck stopped and six marines chased the Chinese across the Bund, seized him and threw him into the truck with intention of taking him to their headquarters.

Crowd composed of Chinese and foreigners from the Palace Hotel opposite immediately collected in angry mood and a civilian drove car across truck's path to block it. Municipal police, including a British police sergeant in uniform, arrived and found naval petty officer being dragged from the truck by the crowd. Sergeant intervened and allowed the petty officer to return to the truck. Police, however, demanded release of the Chinese and as this was refused several foreign sergeants pushed their way on to the truck, took the Chinese off and sent him to the police station.

Crowd was becoming dangerous and eventually police persuaded the marines with difficulty to accompany them to the police station where matter was further investigated.

Japanese naval authorities have taken up the matter strongly with Council and assert that the marines were assaulted and insulted by police. No specific demands have yet been made but threats are being made through Japanese press that drastic action will be taken if satisfaction is not received for indignity offered to Japanese navy. Commissioner of Police has collected much independent foreign evidence that police acted with great restraint and that if marines suffered any injury it was at the hands of the crowd.

Council furthermore maintain that marines were responsible for the incident by their illegal action in arresting a Chinese without reference to police. Council will therefore resist any unreasonable demands and I hope they will be supported if necessary by His Majesty's Government. United States Consul-General has reported to Washington strongly condemning Japanese action.

**No. 669**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 10, 9 a.m.)*  
*No. 348 Telegraphic [F 6643/1/10]*

TOKYO, *September 10, 1932, 1.20 p.m.*

My telegram No. 342.<sup>1</sup>

Vice Minister for Foreign Affairs informed me today that treaty with Manchukuo would be signed and published before September 15th. This would constitute recognition.

Repeated to Peking.

<sup>1</sup> No. 650.

**No. 670**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 10, 9 a.m.)*  
*No. 349 Telegraphic [F 6644/1/10]*

TOKYO, *September 10, 1932, 1.27 p.m.*

Mr. Ingram's telegram No. 650.<sup>1</sup>

I read to Vice Minister for Foreign Affairs this morning account of incident contained in Shanghai telegram No. 244<sup>2</sup> and impressed upon him inadmissibility of nature of action of Japanese sailors and correct attitude of police. His account was that policeman had struck a sailor but he promised to use all his influence in favour of moderation.

Repeated to Peking.

<sup>1</sup> No. 667.

<sup>2</sup> It was suggested on the filed copy that the reference should be to Shanghai telegram No. 224, i.e. No. 668.

**No. 671**

*Sir J. Simon to Mr. Ingram (Peking)*  
*No. 200 Telegraphic [F 6639/1/10]*

FOREIGN OFFICE, *September 10, 1932, 4.30 p.m.*

Your telegram No. 650<sup>1</sup> (of September 9th. Shanghai incident).

If, as would certainly appear to be the case, the Japanese are disposed to encroach on the responsibilities of the municipal police you should support municipal council as may be necessary. You will, at the same time I am sure, bear in mind the necessity of encouraging moderation and reason on both sides.

<sup>1</sup> No. 667.

No. 672

*Mr. Ingram (Peking) to Sir J. Simon (Received September 10, 10.30 p.m.)*  
*No. 660 Telegraphic: by wireless [F 6654/1/10]*

PEKING, September 10, 1932

Following received from Canton No. 83 of September 8th.

Begins:—

Secret. Chairman of Provincial government sent a secretary to inform me very confidentially yesterday evening that a Chinese speaking member of the Japanese Consulate-General had visited (? committees) of Provincial Council and South West Political Council on Monday last<sup>1</sup> had discussed general state of China, advisability of Sino-Japanese co-operation and had hinted at possibility of Japanese revolutionary diplomacy in the future. Chairman seemed to attach importance to the visit and his secretary told me that it was hoped that in the event of any attempt to blockade Canton British authorities would secure that communications between Hongkong and Canton should be uninterrupted so that supplies could move freely.

I was asked to keep this information to myself but it may be interesting as indicating a state of nervousness in Canton official circles.<sup>2</sup>

<sup>1</sup> September 5.

<sup>2</sup> Mr. Orde minuted on this telegram as follows: 'I suppose the emissary was hinting at Japanese support for a Cantonese revolt against Nanking. A Nanking blockade of Canton would be merely a paper affair. Even if it were not I suppose we should refuse to recognise it unless we had first recognised Nanking & Canton as belligerents in the international sense. C. W. Orde 12/9.'

No. 673

*Mr. Ingram (Peking) to Sir J. Simon (Received September 11, 9.30 a.m.)*  
*No. 665 Telegraphic [F 6659/561/10]*

*Confidential*

PEKING, September 11, 1932, 1.5 p.m.

My telegram 659.<sup>1</sup>

Young Marshal has promised to do his utmost to help to secure the release of the captives through such means as remain at his disposal.

It is of course necessary, for political reasons, that absolutely nothing should be allowed to leak out either that I have approached him or that out of 'personal friendship' as he puts it he is ready to help.

Repeated to Mission, Mukden, Newchwang, Commander-in-Chief.

<sup>1</sup> This telegram of September 10 (not printed) referred to instructions to the British consular officers at Mukden and Newchwang in connexion with efforts to secure the release of two British subjects, Mr. Corkran and Mrs. Pawley, captured by bandits. Their arrival on September 7 at Kaokan, on the way to the bandit centre of Old Newchwang, had been reported in Peking telegram No. 654 of September 9. Cf. *The Times*, September 8 and 10 (p. 10).

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 12, 9 a.m.)*  
*No. 351 Telegraphic [F 6664/1/10]*

TOKYO, September 12, 1932, 1.7 a.m.

My telegram No. 348.<sup>1</sup>

If His Majesty's Government consider it necessary to protest against Treaty as infringement of Article 2 of Nine-Power Treaty I trust as many signatories of latter as possible will also protest.

I regret that I see no chance of protest producing any effect here except irritation.<sup>2</sup>

Repeated to Peking.

<sup>1</sup> No. 669.

<sup>2</sup> Mr. Orde, Sir V. Wellesley and Sir J. Simon minuted on this telegram as follows. Mr. Orde suggested: 'In so far as blame must be expressed either by the League or by the Nine Powers at Washington, we should not take the lead against Japan and should use our influence in favour of a moderate and dignified expression of sorrow rather than a strong reproof or demands which Japan cannot accept.'

He added: 'There remains the question of the best policy in the interests of the League itself, whether a strong (but inevitably ineffective) protest against treaty violations (which should in justice be coupled with a simultaneous reproof to China for any disregard of her treaty obligations to Japan which the Lytton report may establish) at the risk of driving Japan out of the League, or a milder expression of regret—which would not have that effect but would in many quarters be regarded as a demonstration of moral as well as physical weakness on the part of the League. It is hardly within my province to attempt to pronounce on this question, but I venture to doubt whether the ultimate interests of world organisation will be served by letting Japan leave the League (if Germany also does so—not to mention Italy—it will mean the collapse of the League as a political organisation); the question seems to be one between preservation of an existing League, with the possibility of its adaptation to realities through the progressive education of its members, and the virtual collapse of the present League, leaving the ground clear for reconstruction some day—but when and how? Will the remnants exercise a sufficiently attractive power on the dissident States to bring them into the fold again? Or will anything short of another great catastrophe give a new impulse to come together, such as the reaction from the war of 1914–1918 afforded? I venture to suggest that the greater risk of chaos will be run by driving Japan out of the League than by retaining her at the cost of some compromise of the principle of the sanctity of treaties. It is not even as if the circumstances of the present case were all against Japan, though the greater share of blame may be hers, or as if there had been any chance of redressing her grievances by means provided by the treaties.'

'These reflections may be somewhat premature, when we do not yet know the contents of the Lytton report, but it seems necessary to ponder the questions involved, since they seem almost certain to arise. C. W. Orde 13.9.32.'

Sir V. Wellesley wrote: 'I agree generally with Mr. Orde's views but the first thing to do is to await the Lytton Report. V. W. 14.9.32.'

Sir J. Simon minuted: 'Mr. Orde's reflections are very much to the point. I agree that we must "await the Lytton Report" before doing anything, but we shall not have long to wait and it is well to use the interval for reflection. I had a conversation with Senator Reed at 10 Downing St. a few days ago—he is in Mr. Stimson's confidence—and gained the impression that Mr. S. is not nearly so eager for vehement denunciations as he was when the crisis was further off. For ourselves, the controlling considerations must be (1) be faithful to the League and act with the main body if possible (2) do not take the lead in an

attitude which, while necessarily futile, will antagonise Japan seriously (3) be fair to both China and Japan (4) work to keep Japan in the League. I should appreciate a matter-of-fact paper which explains *why* Japan's action is a breach of the 9-power treaty, and the pros. and cons. of recognition of Manchukuo. J. S. Sep. 17.<sup>1</sup>

These minutes were seen by Mr. Eden.

### No. 675

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 12, 9 a.m.)*

*No. 353 Telegraphic [F 6665/1/10]*

TOKYO, September 12, 1932, 3 p.m.

My telegram No. 351.<sup>1</sup>

Chinese Minister informed Minister for Foreign Affairs on September 10th that recognition of Manchukuo would be considered by China as an unfriendly act which would place on Japanese Government all responsibility for any further trouble it might cause in China.

Minister for Foreign Affairs replied that no change could be made in Japanese policy of recognition and that he hoped that Chinese Minister would do his best to improve diplomatic relations.

Minister of War informed Chinese Minister that China should forget Manchuria and Shanghai incidents.<sup>2</sup>

Repeated to Peking.

<sup>1</sup> No. 674.

<sup>2</sup> Sir J. Simon placed an exclamation mark in the margin of this sentence, and minuted on this telegram: "Incidents" is good. J. S. Sep. 17.<sup>3</sup>

### No. 676

*Mr. Ingram (Peking) to Sir J. Simon (Received November 8)*

*No. 1210 [F 7881/303/10]*

PEKING, September 12, 1932

Sir,

The following is a summary of recent events connected with the taking over of the Postal Administration in Manchuria by the new Government, which have been reported from time to time by telegraph and in despatches from His Majesty's Consular Officers.

2. Soon after the declaration of the independent state of Manchuria in February as indicated in my despatch No. 634<sup>1</sup> of June 1st. the new authorities set themselves to obtain control of the main Central Government services, the Customs, the Salt, and the Posts. The main inducement which led them was clearly the need of revenue, but also, no doubt, they were impelled by the desire to assert their authority, and possibly by the hope of

<sup>1</sup> Not printed.

strengthening their practical claims to recognition by the foreign Powers. In the case of the Posts where an important public service was involved, which the new Government was hardly in a position to maintain unaided, it would have been desirable from most points of view that logical and constitutional considerations should have been ignored and that the admirable machinery of the Chinese Postal Administration should have been left undisturbed. But the care of prestige, and probably also the idea that the Manchurian posts were a source of profit to the Chinese Government (according to the latter's own account the service in Manchuria had previously showed an annual surplus of nearly \$3,000,000, though it is doubtful whether in fact any profits would have been earned during the current year—see paragraph 6 below) proved too strong. The Manchurian authorities showed themselves anxious, indeed, to retain the services of the existing postal staff, but could not be brought to allow the existing situation to continue by which the Administration functioned under the control of the Directorate-General in Shanghai, while the Chinese Government, as in the case of the Customs, in the last resort refused to sanction any compromise. The main events which led up to the withdrawal of the Chinese Postal Administration from Manchuria centred in Mukden, where the Italian Postal Commissioner, Monsieur Poletti, made an energetic attempt to bring about a *modus vivendi* which would have enabled the Administration to continue its functions in the public interest, but his efforts were unsuccessful, because in the long run the principals on both sides were less concerned with the public interest than with their own political prestige.

3. As reported in the despatch referred to above, on April 1st persons claiming to represent the Changchun Government called on the Commissioners of Posts at Mukden and Harbin (the head offices respectively of the Liaoning and Kirin-Heilungchiang postal districts) and produced written orders to the effect that the Government would take over the control of the Postal Administration as from that date; that the status and salaries of existing employees would remain unchanged and business be conducted as before until further notice; that safes, stamps, et cetera were to be inspected by Commissioners of the Government; and that all revenue should be paid in future into the Manchukuo National Treasury. The Postal Commissioners concerned replied in each case that they must refer for instructions to the Directorate-General, and the Manchurian representatives contented themselves with inspecting the account books and stocks of stamps, which they were allowed to do. Monsieur Poletti in addition handed to the representatives who interviewed him a memorandum which, in anticipation of some such development, he had prepared envisaging a temporary arrangement to be adopted in the interest of the service, the chief provision of which was that the Administration should continue to function as before pending the conclusion of further arrangements between the Manchurian authorities and the Directorate-General, while the former should be allowed to audit and check the revenues.

4. On reporting the position to the Director-General at Shanghai,



Monsieur Poletti received instructions to remain with his staff and use his judgment with a view to maintaining the existing postal services pending the decision of the Central Government on the political issue involved; and as the result of further negotiations between him and the Changchun delegates the latter, having failed to induce Monsieur Poletti to declare his allegiance to the new State, were finally induced to sign an agreement on the lines of his memorandum referred to above. This agreement they afterwards attempted to repudiate, giving it to be understood that the Japanese had refused their consent to it; but no attempt was made for the time to interfere with the arrangement contemplated.

5. Later the Minister of Communications in the Manchurian Government visited Mukden, and on June 12th had an interview with Monsieur Poletti. Mr. Ting Chien-hsiu, who gave the impression, according to Monsieur Poletti, of being much in the hands of his Japanese staff, stated that it was intended shortly to reorganise the postal service in Manchuria under a Japanese named Fujiwara but that he did not think that any radical changes would be made. He vouchsafed the information, however, that a new series of Manchukuo postage stamps had been prepared for issue on July 1st. The Foreign Office at Changchun had applied officially on April 28th to the International Postal Bureau at Berne for recognition of this issue, but had received no reply. Monsieur Poletti persuaded Mr. Ting to endeavour to postpone the issue of the new series pending recognition by the International Bureau, foreseeing no doubt that the question of a separate stamp issue for Manchuria was likely to precipitate a breach with the Chinese Administration, as in fact occurred.

6. On June 22nd Mr. Fujiwara called on Monsieur Poletti and informed him that he, Mr. Fujiwara, was to be placed in supreme control of the Postal, Telegraphic and Telephonic communications of the new State and that the final and complete taking over of the Postal Administration was to be effected forthwith. Monsieur Poletti advised strongly against a too precipitate severance of the service from the Chinese Administration and urged the desirability of first coming to some arrangement with the Directorate-General. He pointed out that as the result of the disturbances in Manchuria the service was already being run at a loss, which would inevitably be increased by any drastic action. But his representations do not seem to have borne fruit. (The Manchurian authorities concerned, who were clearly pushed on by the politicians behind them, appear to have set their hopes for carrying on the service rather in inducing the existing staff to remain at their posts under the new Government than in coming to an arrangement with the Directorate in Shanghai). Mr. Fujiwara went on to hint that the dismissal of Monsieur Poletti and Mr. Smith (the Harbin Commissioner) by the new régime had been considered but that he hoped a compromise would be possible. He also spoke of the new stamp issue, which was ready to be brought into use immediately. Monsieur Poletti finally induced him to promise that he would try to have the introduction of the new stamps postponed until August 1st.

7. Shortly after this interview, on June 30th, it was announced that the Chinese Government had communicated with the International Postal Union informing them of the Manchurian threat to seize the posts and expressing their intention to retaliate in that event by a postal blockade of Manchuria; and confidential instructions were subsequently issued to the various post offices in China to be prepared to take the necessary steps to this end.<sup>2</sup>

8. Early in July Monsieur Poletti wrote to the Director-General of Posts at Shanghai putting forward suggestions for a compromise. He pointed out that if the staff of the Chinese Postal Administration were withdrawn from Manchuria it would be difficult for them ever to return, and he expressed the view that it would be politic to second the existing staff and allow them to serve the new State temporarily pending the crystallisation of the situation in Manchuria. He deprecated the proposed postal blockade and hinted that it would be better to bow to the inevitable, concluding with the suggestion that the Chinese Government should appoint a Commission to discuss postal matters with the *de facto* authorities—or nominate himself as their representative for that purpose! In reply, however, he received instructions presumably dictated by the Chinese Government vetoing any compromise with the authorities of the new State.

9. At a further interview on July 10th<sup>3</sup> Mr. Fujiwara informed Monsieur Poletti that it had been decided to place the new stamp issue on sale on August 1st in spite of the fact that it had not been recognised by the International Postal Bureau. Monsieur Poletti pointed out that this would mean the break up of the Postal Administration. Mr. Fujiwara did not demur: nevertheless he attempted to persuade Monsieur Poletti to forward to the Directorate-General an offer by the Changchun Government to take over the existing postal staff in Manchuria and urged him to act generally as a go-between in further negotiations; but Monsieur Poletti replied that insistence on the immediate issue of the new stamps was likely to lead to a rupture of all negotiations. He succeeded in obtaining an assurance from Mr. Fujiwara that no attempt would be made to coerce the postal staff into remaining in Manchuria (as had been done in the case of the native staff of the Customs) and that proper receipts would be given for all postal property taken over. It was at the same time arranged that Japanese 'inspectors' should be placed in advance in the head post offices in Mukden and Harbin 'to study postal methods'.

10. The Manchurian authorities having made clear their intention to proceed to extremes, the Chinese Government seized the offensive. On July 23rd Monsieur Poletti was directed to lodge a strong protest against the proposed seizure of the Posts and on July 24th instructions were issued to the Postal Commissioners in Manchuria to suspend postal operations and withdraw their entire staffs.<sup>4</sup> At the same time a notification was issued by the post offices in China that the issue and payment of money orders to and from Manchuria was discontinued; that mail matter for Manchuria would

<sup>2</sup> See No. 534, note 1.

<sup>3</sup> See No. 534.

<sup>4</sup> See No. 551.

not be accepted; and that for the time being mails from China would not be despatched *via* Siberia. The Chinese Government also published a formal statement in which they protested against the measures taken by the Manchurian authorities, which, they stated, had made it impossible for the post offices in the Three Eastern Provinces to function as branches of the Chinese Postal Administration; they declared the suspension of the postal services in these provinces and announced that mails for Europe previously despatched through Siberia would be sent across the Pacific or *via* Suez, and requested members of the Postal Union to deal similarly with mail for China; they added that stamps issued in Manchuria without the authorisation of the Chinese Postal Administration would not be recognised.

11. This action on the part of the Chinese Government, the intention of which was, of course, to embarrass the Manchurian authorities as much as possible, was successful in its object, the Chinese being for once in the commanding position as having nothing to lose once the Changchun Government had decided to take over the service. The instructions of the Directorate-General were carried out with sufficient success to paralyse the postal service. The Post Office at Newchwang (in charge of a Chinese Acting Deputy Commissioner) was, it is true, kept open forcibly for the time being by the police and the Japanese gendarmerie, but at the offices at Harbin and Mukden operations were suspended and the resulting confusion into which the mail service was thrown still continues, although the effects of this confusion have been mitigated to some extent (especially no doubt as far as the Japanese authorities and community are concerned) by the existence of the Japanese postal service in the South Manchuria Railway zone, which at the time of the breakdown already maintained nearly sixty regular offices, not to mention the large number of field post offices established throughout the country in connection with the Japanese military operations.

12. Persevering efforts are being made by the Manchurian authorities to re-establish a postal service of their own. The Postal Head Offices were taken over, new Chinese Postal Commissioners were appointed at Mukden, Harbin and Changchun, when attempts had failed to persuade the foreign Commissioners at the two former places to remain and to use their influence to keep the Chinese staff at their posts; and an endeavour was made to carry on the service with skeleton staffs composed mostly of Japanese and ex-employees who had been dismissed by the Chinese Administration. The new Administration naturally made every effort to induce the old postal staff to return to duty and bonuses were offered to all who would take service under the Manchurian Government. Coercive methods were also tried at first, and Mr. Fujiwara informed Monsieur Poletti that he was unable to guarantee free permission, as he had previously promised, for those of the staff who wished to leave Manchuria. On the other hand the Chinese Government were offering generous terms to postal employees evacuated from Manchuria: their fares were to be paid, and they were to proceed to certain other postal districts in China where they would be

temporarily absorbed. The staff seem on the whole to have been sufficiently strongly attached to the Chinese Postal Service to prevent the majority of them from joining the new administration, and both at Mukden and Harbin most of them went into hiding. The Manchurian authorities appear eventually to have given up the attempts which they had at first made to hunt them out and force them to take service by intimidation; and by the end of July and the beginning of August it was reported that passes were being freely issued to those who wished to leave the country. About four hundred employees from the Mukden district had already left by August 1st in spite of the difficulties originally placed in their way, and as far as is known comparatively few have so far taken service with the Manchurian authorities: according to a postal official some ten in Mukden itself, and twenty in Harbin. The new Administration has, as a natural consequence, been faced with almost insuperable difficulties in their attempt to reorganise the service. According to official statistics, the Liaoning and Kirin-Heilung-chiang postal districts maintained over nine hundred post offices and agencies and the lines over which the service operated extended to over 24,000 miles, the greater part being worked by a complicated system of couriers, which the postal officials state could not be maintained without experienced *personnel*. The transactions of the Post Office Savings Banks in the two districts totalled roughly \$500,000 a year, and the money order transactions roughly \$20,000,000. According to the latest reports from Mukden, the work of the new administration is confined at present to the attempt to handle mails along the railway lines, but it has naturally not yet been possible to establish a reliable service: no postal savings bank or money order service has yet been organised. The new Manchurian stamps have been placed on sale and a certain number of letters stamped with them are said to have been despatched to the United States, but it is not yet known how mail so stamped will be dealt with by the United States authorities or by other Governments who may receive them. Some mails from Manchuria are being received in China, letters bearing the new stamps being treated as unstamped, but up till the end of August the Manchurian authorities permitted the previous issue of Chinese stamps to be used up. Mails are being despatched by His Majesty's Consular Officers in Manchuria through the Japanese Post Office, while correspondence addressed to these officers is sent to Dairen and forwarded by the courtesy of His Majesty's Consul there.

13. As far as can be ascertained, the Japanese postal administration, which, as mentioned above, functions throughout the South Manchuria Railway zone, has given very little assistance to the Manchurian authorities in re-establishing the service, for instance by lending trained personnel: whether from motives of policy (they may aim at strengthening the position of their own organisation at the expense of the local post office) or because they have been too busy coping with the extra business which the breakdown of the Chinese administration has brought into their hands.

14. An incidental consequence of the upheaval in the postal system in

Manchuria has been the interruption of the mail service to and from Europe *via* Siberia. As foreshadowed in their notification referred to above, the Chinese authorities have ceased the despatch of mails from China through Siberia. They continued, however, to be sent by this route from Japan and the Leased Territory, and a certain amount of official mail from this Legation was forwarded to London through His Majesty's Consul at Dairen. Mails from Europe which were on their way through Siberia, were, it appears, handed over by the Russian Postal Administration to the Manchurian authorities at Manchouli; they were held up in Manchuria for some time owing to the confusion in which the service in Manchuria was involved, but gradually filtered through. Early in August, however, the difficulties experienced by the Manchurian authorities in handling mails were enhanced by floods in North Manchuria which interrupted the railway lines between Harbin and Changchun and between Tsitsihar and Ssupingkai as well as at places on the Western section of the Chinese Eastern Railway. Numbers of mail bags from Europe were reported to have been held up at Manchouli, Harbin and points further South, and no Siberian mail was received here for several weeks. The General Post Office in London were informed by the postal authorities in Moscow that arrangements were being made to re-route mail *via* Vladivostok, but no mails have so far been received here by this route. At the end of August His Majesty's Consul at Dairen reported that the Siberian mail service was again normal, meaning presumably that mails were again being despatched regularly over that route by the Japanese post offices, but although one or two stray Siberian mails have been received latterly, there is still no sign that the inward mail service has been effectively restored.

15. Taking a long view of the position in Manchuria, it may be argued that the Changchun Government acted in the best interests of Manchurian independence in breaking with the Chinese administration and attempting to establish a postal machine of their own rather than remain dependent for an important public utility on a service controlled by the Chinese Government: anywhere but in China, indeed, the logic of circumstances would probably have compelled such a course. In China, however, it is psychologically possible to ignore the claims of political logic, and the great foreign-trained services have a tradition which enables them to a large extent to bridge over regional dissensions. The new State might probably, therefore, in spite of its continued professions of independence, have continued for a considerable time at least to receive an efficient postal service for nothing at the hands of the Chinese Postal Administration, as long as the Changchun authorities had been willing to allow full control to remain in the hands of the Directorate-General and to concede to the Chinese Government the modicum of prestige which the control of the Posts in Manchuria would have carried. It cannot be disputed that in depriving themselves of the services of the Chinese Posts they must have added appreciably to the material difficulties which are at present harassing their administration. The Chinese Postal Service (in spite of recent complaints

that the gradual elimination of foreign control is leading to a deterioration) is an organisation of really remarkable efficiency, built up by years of work under foreign supervision. The way in which its services are maintained in the remotest districts, and apparently unaffected by the most extensive disturbances and calamities, is quite phenomenal and may well be regarded as one of the last bulwarks against chaos in many parts of the country, enabling, as it does, communications to be carried on and money to pass to and fro between regions that would otherwise be cut off from each other by floods, civil war or banditry. The work of the Posts in Manchuria during the disturbed conditions of the past year has elicited particular admiration. This work depends not only on elaborate organisation and training but on the apparently remarkable loyalty of the staff even in the remotest districts, and with the loss of the majority of this staff the organisation must have been demolished in the greater part, though the general plan and vestiges of the construction may remain. It cannot be expected that the Manc[h]urian authorities will be able, even with Japanese assistance, to re-establish a system in any way comparable to the old within a reasonable period, in view especially of the disordered state of the country and of the very limited authority they appear to exercise in outlying regions. And the absence of it cannot but increase very considerably the confusion and unrest with which the new State is by all accounts beset at the present time.

I have, &c.,

E. M. B. INGRAM

#### No. 677

*Record by Sir V. Wellesley of a conversation with the French Ambassador*  
[F 6878/1/10]

FOREIGN OFFICE, September 12, 1932

M. de Fleuriau called this afternoon and said that his Government had received information from the French Ambassador in Tokio to the effect that the Japanese Government propose to sign the treaty of recognition of the Manchukuo on September 14th and would, a day or two afterwards, notify the fact to the Powers through their representatives.

The French Ambassador said his Government would be glad to know what attitude we proposed to adopt in that case.

I told the Ambassador that that was a matter which required some consideration but that our attitude had all along been to allow the Manchurian question to be dealt with by the League and I felt sure that would continue to be the case.<sup>1</sup>

V. W.

<sup>1</sup> A minute on the file by Sir J. Simon reads: 'I entirely agree. J. S. Sep. 17.'

No. 678

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 14, 9 a.m.)*  
*No. 355 Telegraphic [F 6703/1/10]*

My telegram No. 351.<sup>1</sup>

TOKYO, September 14, 1932, 12.38 p.m.

If a protest is considered unavoidable I trust it may be found possible to leave some other Power to take the initiative. We have far more to lose from Japan's ill-will in the Far East than has any other Power.

Repeated to Peking.

<sup>1</sup> No. 674.

No. 679

*Mr. Ingram (Peking) to Sir J. Simon (Received September 14, 9.30 a.m.)*  
*No. 671 Telegraphic [F 6727/65/10]*

PEKING, September 14, 1932, 1.10 p.m.

My telegram No. 640<sup>1</sup> and Tokyo telegram No. 343.<sup>2</sup>

Mr. [Sir John] Brennan's despatch<sup>3</sup> now received indicates difficulty and danger of enforcing agreement in face of Japanese opposition. It also seems doubtful whether Chinese who wish to use agreement principally in order to regain police control of Japanese residential area in north would agree to its partial application in Western area. Japanese Chargé d'Affaires has moreover explained to Mr. [Sir John] Brennan that Japanese objections would be valid wherever agreement were applied.

2. Meanwhile there is deadlock between negotiating parties (see penultimate paragraph of Shanghai telegram quoted in my telegram under reference) and in view of above it would seem undesirable to attempt to force the pace by bringing pressure on either Japanese or Chinese or Council.

3. I have discussed above with the United States Minister who shares these views.

4. We have agreed<sup>4</sup> to authorise our respective Consuls to say at meeting September 16th that our Government have no objection to text and procedure. At the same time they should avoid any resolution involving reference of subject to round table conference. They should not directly oppose Japanese contention that approval of Chinese [Japanese]<sup>5</sup> government is required but should point out that land regulations do not apply to what we consider to be matter of Council's internal administration.

Repeated to Mission, Tokyo, Shanghai.

<sup>1</sup> No. 660.

<sup>2</sup> No. 658.

<sup>3</sup> In this despatch (No. 320 of September 7 to Mr. Ingram: copy received in Foreign Office on October 24 as enclosure in Peking despatch No. 1188 of September 14, not printed) Sir J. Brennan amplified the account of his interview with Mr. Yano given in his telegram No. 223 of September 6 to Mr. Ingram (i.e. the Shanghai telegram repeated in No. 660 above).

<sup>4</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 645-6.

<sup>5</sup> Wording in *F.R.U.S.*, *op. cit.*

No. 680

*Mr. Ingram (Peking) to Sir J. Simon (Received September 14, 9.30 a.m.)*  
*No. 672 Telegraphic: by wireless [F 6728/1/10]*

PEKING, September 14, 1932

Following received from Mission No. 334 September 13th. Begins:—

My telegram No. 331.<sup>1</sup>

Hsu Mo informed me this morning that as soon as Japanese government recognise Manchukuo, Chinese government will lodge strongest protest with League emphasising Japan's failure to carry out her international obligations but not calling for special meeting to examine question. At the same time Chinese government will communicate notes to signatory powers of 9 power treaty evoking provisions of that treaty and requesting a conference should be called. There is no idea at present of withdrawing Chinese Mission from Tokyo.

<sup>1</sup> This Nanking telegram to Peking does not appear to have been repeated to the Foreign Office. It was suggested in the Far Eastern Department that it referred to the possibility of trouble over the Japanese recognition of Manchukuo.

No. 681

*Mr. Ingram (Peking) to Sir J. Simon (Received September 14, 9 p.m.)*  
*No. 677 Telegraphic: by wireless [F 6734/1/10]*

PEKING, September 14, 1932

Following received from Mission No. 336 of September 13th, begins—

My telegram No. 331.<sup>1</sup>

His Majesty's Consul was informed by his Japanese colleague this morning that in his opinion there would be no trouble in Nanking during the next few days as Chinese police and gendarmerie were determined to maintain order. He promised to let His Majesty's Consul know at once if any developments occurred likely to affect British subjects here. I still feel it is only as a result of provocation that Japanese would make trouble at Nanking. Naval demonstration might possibly be employed to bring pressure on the Chinese Government to put an end to disturbances elsewhere, boycott movement or activities of irregulars but presumably note would first be presented and we should have due warning. Hsu Mo informed me to-day that Manchukuo protest to Nanking (see Mukden telegram No. 72)<sup>2</sup> had never been received.

Three British gun boats will be here over the week end. I believe Japanese cruiser carrying Japanese second fleet Admiral will also arrive at Nanking in a few days on the way to Hankow.

<sup>1</sup> See No. 680, note 1.

<sup>2</sup> See No. 655.



No. 682

*Mr. Ingram (Peking) to Sir J. Simon (Received September 14, 9 p.m.)*

*No. 679 Telegraphic: by wireless [F 6748/1/10]*

*Confidential*

PEKING, September 14, 1932

Shanghai telegrams Nos. 227 and 228.<sup>1</sup>

French Minister tells me that quite recently Japanese naval police in civilian clothes raided house of Korean in French concession and succeeded before French police could intervene in taking away a Chinese from the house. At the request of police Chinese was handed back and apologies tendered by Japanese Consul-General. Next day another body of Japanese proceeded notwithstanding to try and take away some furniture and effects from the same house. Japanese were caught red-handed. Fresh apologies were made by Japanese Consul-General who (? said) he would do his best to persuade naval authorities to refrain from such actions but admitted that he had no control over them.

2. French Minister hopes that above information will be treated as confidential as hitherto concession authorities have managed to hush the matter up.

Repeated to Commander-in-Chief, Mission, Shanghai and Tokio.

<sup>1</sup> Nos. 683-4 below.

No. 683

*Mr. Ingram (Peking) to Sir J. Simon (Received September 15, 9 a.m.)*

*No. 680 Telegraphic: by wireless [F 6749/1/10]*

PEKING, September 14, 1932

Following received from Shanghai September 14th.

Begins.

Addressed to Peking No. 227, repeated to Commander-in-Chief, copy to Mission.

Tokyo telegram No. 349<sup>1</sup> to Foreign Office.

Japanese Consul-General called on me yesterday on instructions from his Foreign Office following on Ambassador's conversation.

He said Japanese naval authorities were incensed over incident and he implied that they might [? make] trouble if not satisfied. He however desired amicable settlement and asked my advice.

I pointed out that marines were responsible for starting what might have been a serious riot by their high-handed and illegal action. On the other hand there was ample evidence to show that police acted with restraint and alleged assault on driver of truck must have been done by persons in the crowd. Incidentally crowd was partly composed of foreigners of different

<sup>1</sup> No. 670.

nationalities which showed the attitude of foreign community to the marines' action.

I said Council took serious view of the case and might demand if not punishment of the guilty parties at least assurance that orders had been given to prevent a repetition. Council were responsible for government of Settlement and destruction of their authority would not help local Japanese interests.

He tentatively suggested a mutual apology but I replied that Council declined to make any apology as they were not in the wrong. It should come from the other side but I said that as we did not desire ill-feeling with Japanese marines, I would ask Council to drop the matter altogether if Japanese would do the same, and that seemed to me a good way out of it from Japanese point of view. He said he would convey this suggestion to Admiral. I also offered to call on the Admiral if he would care to see me about the matter.

Please see my immediately following telegram.<sup>2</sup>

<sup>2</sup> No. 684.

#### No. 684

*Mr. Ingram (Peking) to Sir J. Simon (Received September 14, 10 p.m.)*  
*No. 681 Telegraphic: by wireless [F 6737/1/10]*

PEKING, September 14, 1932

Following received from Shanghai September 14th.

Addressed to Peking No. 228, repeated to Commander-in-Chief and copy to Mission.

My immediately preceding telegram.<sup>1</sup>

Japanese Consul General is obviously not in sympathy with attitude of naval authorities but is afraid of them. He agreed to my solution and said he would press it on the Admiral who is more reasonable than officers of land force. Leading Japanese civilians also I think sympathise with Council who intend to stand firm against any unreasonable demand.

<sup>1</sup> No. 683.

#### No. 685

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 15, 9.30 a.m.)*  
*No. 356 Telegraphic [F 6735/451/10]*

TOKYO, September 15, 1932, 10.47 a.m.

Following is substance of telegram received last night signed Hsieh Chieh-shih Minister for Foreign Affairs Manchurian Government.

Begins:—

'In accordance with their notification of July 25th<sup>1</sup> Manchukuo Government have remitted to Inspector General of Customs Shanghai sum of 1,104,000<sup>2</sup> odd yen as Manchukuo share of foreign loan payment. In accordance with above-mentioned notification preparations have been made to pay other reasonable share of such loans.

'As regards 186,000 odd taels held by Yokohama Specie Bank at Newchwang when customs were taken over, Manchurian Government being informed that Nanking Government needed money urgently decided on present occasion only to remit this sum as Manchurian share of loan to Inspector-General of Customs Shanghai. Manchurian Government reserves right to effect proper settlement of this amount as soon as their share of foreign loans is definitely determined.'

Ends.

I have not acknowledged above communication.

Repeated to Peking.<sup>3</sup>

<sup>1</sup> No. 556.

<sup>2</sup> Presumably in error for '1,140,000', cf. No. 556. For a similar telegram sent to the U.S. Ambassador at Tokyo in which the sum of 'yen 1,140,101 and 95 sen' is quoted, see *F.R.U.S.* 1932, vol. iv, p. 247.

<sup>3</sup> On receipt of this telegram Mr. Holman asked Sir F. Maze, through H.M. Consul-General at Shanghai, what was the exact position. In a note of September 19 (copy received in the Foreign Office on December 6 as enclosure in Peking despatch No. 1318 of October 13) Sir F. Maze replied that the remarks of the Manchurian foreign minister were not understood, because the sums mentioned represented Chinese customs revenues collected in Manchuria prior to the seizure of the customs houses and illegally detained. He added that the Chinese Government had liquidated all their obligations in respect of the service of foreign loans, so that it was ridiculous to suggest that the sums mentioned represented a contribution to the service of such loans. He concluded that the amount of pre-seizure revenue 'belonging to the Chinese Government and detained by Manchukuo aggregates Hk. Tls. 1,726,179.46; and that Flood Relief Surtax moneys amount[ing] to Hk. Tls. 167,680.05 are likewise being held'.

## No. 686

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 15, 10.30 a.m.)*  
*No. 357 Telegraphic [F 6736/1/10]*

TOKYO, September 15, 1932, 3.47 p.m.

My telegram No. 355.<sup>1</sup>

Ministry of Foreign Affairs have just supplied me with translations of (1) Protocol to be signed by General Muto and Manchukuo Minister for Foreign Affairs at Changchun this afternoon,<sup>2</sup> (2) Official statement by Japanese Government.<sup>3</sup>

<sup>1</sup> No. 678.

<sup>2</sup> Printed in *L/N.O.J.*, *S.S. No. 111*, p. 79, and also in *F.R.U.S.* 1932, vol. iv, pp. 253-4.

<sup>3</sup> Printed in *L/N.O.J.*, *S.S. No. 111*, pp. 80-81.

Protocol contains two articles. The first guarantees all Japanese rights in territory of Manchukuo acquired by treaties or arrangements with China. By the second the two parties accept co-operation in maintenance of their security; the necessary Japanese forces to be stationed in Manchukuo.

The declaration after referring to declaration of independence of March 1st and Manchukuo communication to the Powers of March 10th mentions steps taken by Manchukuo Government to carry out its declared policy which have led Japanese Government to recognize new state. Such recognition being no infringement of any treaty as explained by Minister for Foreign Affairs in his speech in the Diet of August 25th<sup>4</sup> 'Japan sincerely hopes that all peoples of the world will pursue their economic activities in Manchuria on an equal footing' and it is expected that Powers will not long delay establishment of diplomatic relations.

I learn that full texts of both documents have been telegraphed to London.<sup>5</sup> Repeated to Peking.

<sup>4</sup> See No. 632.

<sup>5</sup> These texts were communicated to the Foreign Office by Mr. Sawada, 1st Secretary in the Japanese Embassy, London, on the afternoon of September 15.

A minute to this telegram by Mr. G. Mounsey, initialed by Sir J. Simon, commented: 'We cannot formulate our definite views on Japan's action until we receive the latest and most reliable evidence on the Manchukuo situation, which will no doubt be furnished in the Lytton report. In the meanwhile it is useless to commit ourselves to attend any new Conference on a question which is in the hands of the League. G. M. 15.9.32.' 'J. S. 17.9.'

### No. 687

*Mr. Ingram (Peking) to Sir J. Simon (Received September 15, 6 p.m.)*

*No. 687 Telegram: by wireless [F 6752/1/10]*

PEKING, September 15, 1932

Following received from Shanghai September 15th.

Begins:

Addressed to Peking No. 229, repeated to Commander-in-Chief and Mission No. 154.

My telegram No. 227.<sup>1</sup>

Japanese Consul-General has written me privately saying that Japanese naval authorities will drop the matter tacitly.

I have advised Chairman of Council to do the same.

<sup>1</sup> See No. 683.

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received October 12)**No. 495 [F 7343/1/10]*

TOKYO, September 15, 1932

Sir,

With reference to my telegram No. 357<sup>1</sup> of to-day's date, it may be of interest if I place on record the proceedings leading up to the signature of the Protocol with Manchukuo which well illustrate the importance attached by the Japanese Government to this instrument. On September 6th a Cabinet Council was held, at which the procedure was finally decided; and on the 7th the Prime Minister visited Prince Saionji, the last of the Genro, at the latter's villa at Gotemba. On the following day Count Uchida, Minister for Foreign Affairs, also visited the Prince; and, on the 9th, the Count visited the President and Vice-President of the Privy Council and requested their good offices for the prompt passage of the Treaty. The same day Major-General Itagaki, Adviser to the Manchukuo Government, left for Mukden with a message from the Japanese Government for General Muto, the new special Ambassador.

2. On the 10th September a preliminary enquiry was held at the Privy Council Office between the Chief Secretary of the Council and the Members of the Gaimusho; and the Prime Minister and the Minister for Foreign Affairs received an Audience by the Emperor in order that they might submit to the Throne a draft of the Agreement. The draft was then handed to the Privy Council. On September 11th a special Committee of the Privy Council, consisting of nine members, approved the draft Agreement, details of which were explained to the Committee by the Prime Minister and the Minister for Foreign Affairs. On the 13th the Agreement was formally and unanimously approved by the plenary session of the Privy Council in the presence of the Emperor, after the Minister for Foreign Affairs, the Minister of War and Viscount Ishii had answered a number of questions put to them by members regarding the possible international consequences of the proposed action. The signatures of the Government Representatives were affixed to the document in the afternoon at a special Cabinet Council and the instrument was again submitted to the Privy Council for the final approval of the Emperor. When this had been obtained, the Minister for Foreign Affairs was informed and immediately telegraphed instructions to General Muto in Mukden.

3. The speed with which the Privy Council acted in this matter is in marked contrast with the dilatory tactics which they have often shown in the past. To take one instance, the London Naval Treaty,<sup>2</sup> the last important international document to be considered by the Privy Council, was signed in London on April 22nd, 1930. It reached the Privy Council finally on July 25th and was not approved by the Council until the end of September.

<sup>1</sup> No. 686.<sup>2</sup> See Volume I, Chapter III.

On the present occasion approval has been given within three days, which is the minimum time possible, since it is an established rule of the Council that it must be in possession of the document at least three days before it meets in plenary session. That this haste in approving the action of the Government must not be considered as a sign that the Privy Council has delegated any of its functions may be seen by the resolution adopted by the Special Committee of the Council when it approved the Treaty on the 11th instant. This resolution runs as follows:—

‘This committee deems recognition of Manchukuo a most urgent and appropriate measure to establish permanent peace in the Far East. Since Japan’s policy after recognition will have a great bearing upon the destiny of the Empire, it is hoped that the Government will pay great attention to it, paying every attention to the manner in which it handles the situation.’

The last sentence of this resolution amounts almost to an admonition and is in keeping with the tone which the Council has always adopted towards governments in the past and which has frequently given to the Council the appearance of sitting in judgment on the Cabinet.

4. The Protocol itself, of which an advance English translation was received from the Gaimusho this morning and is enclosed herewith,<sup>3</sup> will be seen to follow the lines adumbrated by Mr. Tani, Head of the Asiatic Department, to Mr. Gascoigne as reported in my telegram No. 342<sup>4</sup> of the 3rd instant. The Preamble justifies Japan’s action by referring to the fact that the Independent State has arisen in accordance with the free will of the inhabitants and has declared its intention of abiding by all international engagements contracted by China in so far as Manchukuo is concerned. There are only two articles—the first guaranteeing Japanese rights and the second giving to Japan the right to station in Manchukuo such forces as may be necessary to maintain her national security. The English text of this Protocol has been compared with the original Japanese by Mr. Davies, Acting Japanese Counsellor to this Embassy, who has found it correct in every respect.

5. In my telegram No. 310<sup>5</sup> Confidential of July 7th [21st] last I had the honour to report that Count Uchida, who had then just become Minister for Foreign Affairs,<sup>6</sup> informed me that Japan had no intention either of consulting the other Powers before recognising Manchukuo or of notifying them officially of her intention to recognise. She might explain her position after recognition. This is the course she has adopted as will be seen from the Declaration, copy of which is enclosed<sup>7</sup> as received this morning from

<sup>3</sup> Not printed. Cf. No. 686, note 2.

<sup>4</sup> No. 650.

<sup>5</sup> This telegram (not printed) was despatched at 5.35 p.m. on July 21 and received at 1 p.m. the same day; cf. No. 545, paragraph 8. Its contents are reproduced *ibid.*, paragraph 11.

<sup>6</sup> Count Uchida was installed as Minister for Foreign Affairs on July 6; cf. No. 511, last paragraph.

<sup>7</sup> Not printed. Cf. No. 686, note 3.

the Gaimusho. This declaration is an important addition to the Protocol and should be read in conjunction both with that instrument and with the telegram addressed to the Secretary of State for Foreign Affairs by the so-called Manchukuo Minister for Foreign Affairs on March 12th last.<sup>8</sup> It is in reliance on the liberal policy of regard for Treaty rights and the open door there laid down and since carried in-so-far as is possible into effect that the Japanese Government profess to have based their recognition of the new State.

6. As regards territorial designs, of which Japan is well aware that she is suspected, the Declaration calls attention to the preamble of the Protocol which affirms that each party will respect the territorial rights of the other. The value of this affirmation depends obviously on the degree of independence actually enjoyed by the new State and the wishes of the senior partner. It is easy to imagine a situation arising in which a new Treaty providing for the unification of the two States might be signed. But I do not think this contingency need be taken into consideration for the time being.

7. The policy laid down by Manchukuo in the above-mentioned telegram is explicit concerning the open door; and it will be observed that the declaration states that 'Japan sincerely hopes that all the peoples of the world will pursue their economic activities in Manchuria on a footing of equal opportunity.' I was inclined, when I first read this sentence, to think that it marked a notable weakening of the previous assurances given on the subject. On consideration, however, I have come to the conclusion that it was impossible for the Japanese Government to go farther than they have without destroying the basis of their whole case, which is the independence of Manchukuo. To have given anything like a guarantee of the open door would have been to stultify themselves; and it would have been too sanguine to expect the Protocol to contain an article safeguarding the future of foreign commercial interests. My own view is that there will be no overt discrimination against foreigners for some time to come; though trade and industry are bound to fall more and more into Japanese hands.

8. Mr. Davies has also compared the English text of this Declaration, as supplied by the Gaimusho, with the original Japanese and found an important divergence. The opening words of the Declaration read in Japanese 'Manchuria and Mongolia' not merely 'Manchuria' as in the English version. And the words 'interests there' towards the end of the first paragraph of the English version are in the Japanese text 'interests in Manchuria and Mongolia'. Likewise the words 'and Mongolia' follow the word 'Manchuria' wherever the latter alone appears later in the English text. I am unable to say whether the omission of all mention of Mongolia in the English text is deliberate or whether the Gaimusho considered that the somewhat loose term 'Manchuria' would naturally be interpreted by English speaking people as including at any rate inner Mongolia. It will be noted that 'Mongolia' is also a loose term which may be stretched to include vast tracts outside Inner Mongolia.

<sup>8</sup> See No. 66, note 3.

9. Although the eventual signature of an Agreement such as this has been known for several months to be a certainty, there is nothing to show how the signatories of the Nine Power Treaty regard it. On the face of it, Article 2 of that Instrument seems to condemn the Protocol as a flagrant breach of Treaty; and the most plausible argument I can find for the Japanese is that a Treaty forbidding the conclusion of an agreement on certain lines with any other Power, cannot be held to apply when that other Power did not exist at the time the Treaty was signed. Perhaps a more likely line to be taken by the Japanese and more in harmony with their mentality is that the Treaty never contemplated the condition of things which has since arisen and is not therefore applicable. I had the honour to advert to this matter of the Nine Power Treaty in my telegrams Nos. 351 and 355<sup>9</sup> of the 12th and 14th instant respectively, in which I ventured to express the hope that, if a protest was considered necessary by His Majesty's Government, as many Powers as possible would be brought in and the initiative should not be taken by ourselves, who have more to lose from Japanese ill-will than has anyone else. In any case it is to be feared that the only result of a protest would be to cause irritation here. None the less I quite understand that one may be considered unavoidable as a matter of principle.

10. Apart from the Nine Power Treaty, we have the Stimson doctrine of non-recognition of any state of affairs brought about by means at variance with the Kellogg Pact. This doctrine has, apparently, been endorsed by the Assembly of the League of Nations; so that no recognition of Manchukuo either by the United States or any member of the League seems possible so long as the methods by which the new State was set up are suspect. Presumably the Lytton Report will be accepted as authoritative on this question.

11. How far this Protocol constitutes a breach of any of the Resolutions of the Council of the League of Nations to which Japan subscribed, is not for me to decide. The Japanese will, no doubt, argue that, so far from aggravating the situation, it has clarified and stabilised it.

12. Finally there is China to be considered. No doubt the wisest course for that distracted body would be to cut her losses and get on to reasonably friendly terms with a Japan who would be delighted to make friends now she has got what she wants. But what hope is there that a people who, last year, could without difficulty have retained the sovereignty of the lost provinces by some timely concessions will now be inclined to make the best of a bad business? In my telegram No. 353<sup>10</sup> of the 12th instant I had the honour to report the action taken here by the Chinese Minister. The papers had been full of sensational reports of his conversations with Count Uchida so I asked Mr. Gascoigne, Second Secretary to this Embassy, to have a talk with Mr. Yang, the Chinese Secretary, whom he knows well. Mr. Yang stated that his Chief had informed the Count that the recognition of Manchukuo would be considered an unfriendly act and that Japan would be responsible for any trouble it might cause in China. The Minister for Foreign Affairs replied that there could be no change in Japanese policy and that he hoped the

<sup>9</sup> Nos. 674 and 678 respectively.

<sup>10</sup> No. 675.



Minister would do his best to improve relations between the two countries. An even more pious hope was expressed to the Minister by General Araki who trusted that China would forget all about the Manchurian and Shanghai incidents. There we are for the present; and there we shall remain until a fresh breeze blows up.

I have, &c.,  
F. O. LINDLEY

**No. 689**

*Mr. Ingram (Peking) to Sir J. Simon (Received September 17, 9.30 a.m.)*  
*No. 688 Telegraphic: by wireless [F 6790/561/10]*

PEKING, September 16, 1932

My telegram No. 665.<sup>1</sup>

I am keeping Chang Hsueh-liang informed of all details and he is sending to Newchwang emissary belonging to district concerned. He prefers not to disclose the emissary's identity or that he should have any dealings with His Majesty's Consul at Newchwang.

Emissary will communicate direct with Marshal's office here and any information received would be passed on to the Legation. His instructions were generally to confirm the identity of the captors and to establish contact through the local inhabitants and to work for the release of captives by friendly persuasion.

Repeated to Mission, Mukden, Commander-in-Chief, Newchwang, Tokyo.

<sup>1</sup> No. 673.

**No. 690**

*Mr. Ingram (Peking) to Sir J. Simon (Received September 19, 4 p.m.)*  
*No. 693 Telegraphic: by wireless [F 6815/2/10]*

PEKING, September 16, 1932<sup>1</sup>

Tokyo telegram No. 151.<sup>2</sup>

Communication has just been received from Waichiaopu dated September 3rd stating that none of customs revenue collected in Manchuria (including Dairen) since seizure of customs has been remitted to Nanking for loan service or other purposes. Furthermore out of sums detained at the time of seizure (which amounted to over Shanghai taels two million) about two-thirds still remain in the hands of Japanese or Manchukuo authorities.

It is pointed out in conclusion that these seizures particularly at the present time seriously impair customs secured obligations and that during months

<sup>1</sup> Date of drafting of this telegram: it was not despatched until September 19.

<sup>2</sup> A note on the filed copy suggests that the reference is to 'No. 356 in F 6735', i.e. No. 685 above.

of June and July customs revenue fell short of obligations to be paid therefrom by Shanghai taels 3 millions while revenue collected in Manchuria during that two months may be estimated to have amounted to perhaps Shanghai taels 4 millions. Similar communication bearing the same date has also been received from Waichiaopu with regard to salt revenue which states that since seizure by Japanese authorities no funds whatever have been remitted from Manchuria for payment of foreign loans secured upon salt. Total sum of arrears is estimated at over 1½ million dollars.

Subject to any instructions from you I am merely sending formal acknowledgement of these communications. French and American Legations are acting in similar manner.<sup>3</sup>

Repeated to Tokyo and Shanghai.

<sup>3</sup> Cf. *F.R.U.S.* 1932, vol. iv, pp. 247-8.

### No. 691

*Mr. Ingram (Peking) to Sir J. Simon (Received November 22)*

*No. 1240 [F 8140/1/10]*

PEKING, September 16, 1932

Sir,

I have the honour to submit the following summary record of events in Manchuria subsequent to the date of my despatch No. 634<sup>1</sup> of the 1st June.

2. In the course of the above despatch an account was given of the establishment of the new independent State of Manchuria or 'Manchukuo' (as it is commonly called, although the official Chinese style *Man Chou Kuo* is really a translation of the existing foreign name of the North Eastern Provinces, for which there was previously no Chinese equivalent). During the succeeding months we have been watching the attempts of the new government to consolidate its independence and the reactions of the outside world towards it.

3. Of the administrative development of the new State I have little information to record. The way in which the Manchurian Government took over the Customs and Posts from the foreign-trained Chinese services has been described in a separate despatch.<sup>2</sup> For the rest, internal administration in China is so much a matter of local adjustment that the constitution of a new sovereign authority is in any case likely to have little immediate effect on the affairs of the provinces concerned. The legislation promulgated by the new Government shows that its organisers are setting up a façade very much on the lines fashionable in Republican China to-day; but in too many parts of China the façade of legislation is of academic importance only, while

<sup>1</sup> Not printed.

<sup>2</sup> Mr. Ingram's despatch No. 1210 of September 12 (No. 676) described the taking over of the postal administration; his despatch No. 968 of August 1 (not printed) dealt with the customs administration (cf. No. 580).

the fortunes of the country are centred in the questions of the maintenance of order and the military security of the local authority; and Manchuria gives every sign of being at present one of the most unfortunate parts of China in every respect.

4. The theoretical form of the new administration is a system of Yuans or Councils on the Sun Yat-sen model—Executive, Legislative, Judicial and Supervisory. The Legislative and Judicial Yuans, however, have apparently not yet been constituted and legislation is issued by the fiat of the Regent on the advice of the Senate or Privy Council. The Executive Yuan (or State Council) is divided, like that of Nanking, into various Ministries, special committees and bureaux, of which the most important is the General Affairs Bureau. This body, headed by a Japanese, Mr. Komai, is the main organ of Japanese control within the Government; it is itself divided into different sections, each with a Japanese director, which are understood to formulate the policies of, and exercise a general supervision over, the ministerial departments, and form in fact, according to a Japanese authority, 'the nucleus of the administration'. Recent reports indicate, however, that the Japanese advisers have lately been constrained to allow in various ways an increasing degree of independence to their Chinese protégés for, though the Japanese may be the power behind the Government, they have chosen, or been compelled to work through, a Chinese administration, and the influence of the Chinese who hold the substantive posts is bound in the long run to make itself felt within certain limits as they begin to recover from the fear of their Japanese collaborators. The exact relations of the Japanese advisers to their own Government I have no means of defining, but they are known to owe their appointments in most cases to the military clique who were responsible for the creation of the new State and not to the Japanese Government, and it seems on the whole probable that the professions of the latter that they cannot control the administrative acts of the Manchurian Government are to some extent justified, at least where minor questions are concerned. In the last resort it is the Japanese army and not the Japanese Government which rules the roost in Manchuria. As for the Regent, his status remains that of a figure-head, a puppet of the Japanese, who is allowed, moreover, by all accounts to entertain no illusions as to his position.

5. Apart from the assumption of control over the Customs and Posts, the most important administrative measure of the new Government has been the establishment of a Central Bank with the task of reorganising and stabilising the currency and thus redeeming Manchuria from the financial chaos in which it was involved under the previous administration. Details of the organisation of the bank have been forwarded to the Department of Overseas Trade by the Commercial Secretary at Harbin; but no report on its working has yet been received.

6. As far as is known, no material change has been introduced in the local administration of the country under the district magistrates, who, judging from the information available, are carrying on in the Chinese manner according to their lights and abilities adapting themselves as far as may be

necessary to the vicissitudes of military operations to attempts at interference by the Central authorities. In the light of the events of past months it is clear, however, that the Changchun Government cannot be in a position to exercise any appreciable control over the country districts in the greater part of Manchuria.

8 [*sic*]. When my despatch under reference was written the Manchurian Government and the Japanese military authorities, who are more or less recognised as responsible for defence and security in the new State, were involved in serious difficulties with recalcitrant elements in North Manchuria, particularly along the eastern section of the Chinese Eastern Railway. These troubles have continued and have spread, west and south of Harbin, so that now, apart from the floods which have interrupted traffic, travel over the section of the Chinese Eastern Railway which connects with the trans-Siberian route to Europe can no longer be regarded as secure. It is true that the superiority of the Japanese forces in Manchuria in regular warfare has not been seriously disputed, and by the end of August the major concentrations of hostile troops under Ma Chan-shan, Li Tu and Ting Chao were reported to have been broken up or driven back to the North-east (reports of General Ma's death were indeed issued by the Japanese at the beginning of August: these have not, however, so far been confirmed, and reports of his activities continue to appear in the Chinese press). But the resistance to the Japanese can hardly be said to have been weakened: the remnants of the Chinese armies have merely resorted to guerilla tactics, which, owing to the size and nature of the country, it is practically impossible for the Japanese authorities effectively to combat with the troops at their disposal. At the beginning of June the Military Attaché estimated the anti-Government forces in North Manchuria, exclusive of bandits, at about 150,000 men. The Japanese troops throughout Manchuria including two divisions stationed on the frontier in Korea were calculated at the same time at about 75,000. In addition to this the Manchurian Government disposed, apart from local guards and police, of an army estimated at about 65,000, made up of troops of the old régime who had transferred their allegiance. This force has, however, proved thoroughly unreliable in operations against the anti-government troops, units being all too prone to join forces with the enemy when it suits them to do so, and the Japanese are understood now to be chary of operating in conjunction with them. All operations of strategic importance have therefore to be entrusted to the Japanese troops. Throughout the early summer reports were rife of attacks by 'anti-Manchukuo' troops on places east and north of Harbin, which were repulsed by the Japanese only to be renewed elsewhere: a number of towns and villages were looted and traffic on the eastern section of the Chinese Eastern Railway repeatedly suspended. With the growth of the crops which afforded cover for the irregulars and rendered it impossible for the aeroplanes, on which their opponents largely relied, to operate successfully against them, the Japanese military authorities appear to have changed their tactics and restricted the scope of their operations. At the beginning of August the

Japanese headquarters at Harbin gave Captain Stables, of this Legation, to understand that they recognised the impossibility of pacifying the country with the forces at their disposal and were confining themselves to maintaining their position in the main centres and along the lines of communication. In August extensive floods in North Manchuria made it difficult for the troops of either side to move, and the reported activities died down to some extent. They have now been renewed. On September 1st His Majesty's Consul-General at Harbin reported the capture by the irregulars of Anta on the western section of the Chinese Eastern Railway. On the 11th and the 12th September two trains were derailed and looted between Changchun and Harbin and on September 14th general instructions were issued to His Majesty's Consular Officers in China to warn British subjects intending to travel to Europe via Siberia that the Manchurian route was unsafe. During the last few days there have been reports in the press of 'anti-Manchukuo' forces operating in the vicinity of Kirin and of Harbin itself. Reliable reports of the military operations in Manchuria are so difficult to obtain that it is hard to appreciate the position clearly. The impression gained is, however, that the Japanese are concentrating their strength further south and are to some extent washing their hands of the situation along the Chinese Eastern Railway. Their present forces are clearly insufficient to preserve order throughout the country and the inference is that the Japanese Government are not prepared to increase their military effort in Manchuria at the moment. It may perhaps be surmised in addition that Japan is not altogether unwilling to let Soviet Russia realise what is likely to be the predicament of the Chinese Eastern Railway without Japanese protection, with a view, it may be, to inducing her either to sell her interest in the Railway to Japan or else to purchase Japanese aid to protect it by recognising the new State.

9. At the same time there has been a recent striking access of disorder in South Manchuria. Skirmishing has been taking place since July down the Peking-Mukden Railway along the Jehol frontier following the capture of a Japanese intelligence officer, Mr. Ishimoto, which led to threats of a Japanese attack on Jehol.<sup>3</sup> The Japanese troops were, however, clearly insufficient to carry out the threat and the scare has temporarily died down. (For a full report on these events and the Japanese intentions regarding Jehol and Inner Mongolia, please see my despatch No. 1050<sup>4</sup> of August 16th.) At the beginning of August Newchwang (Yingkow) was attacked by a force of between 1,000 and 2,000 bandits, who were only driven off after the despatch of a Japanese cruiser and several destroyers to the port. (The recent capture of Mr. Corkran and Mrs. Pawley<sup>5</sup> by bandits on the race-course just under the wall of the town reflects the general conditions still obtaining in this neighbourhood.) Simultaneously, a series of attacks was carried out on the South Manchuria Railway line at various points between Mukden and Tashihchiao and between Mukden and Antung as well as on the northern section of the Peking-Mukden Railway and on the Mukden-Hailung Rail-

<sup>3</sup> See No. 538.

<sup>4</sup> No. 611.

<sup>5</sup> See No. 673, note 1.

way. Changchun itself was also unsuccessfully assaulted on two occasions. These attacks, which appear to have been deliberately planned with a view to disorganising traffic, were the work of the so-called Volunteer armies, which is the name given to the Anti-Manchukuo forces, in South Manchuria particularly, who are supposed to be recruited by volunteers from inside the Wall. How many of them have actually come north from China Proper to fight the Japanese and how many are, like the majority of the hostile elements in North Manchuria, drawn from the remnants of the old Chinese forces who have not enlisted under the new Government, or exactly what are the relations between them and the Chinese authorities within the Wall it is impossible to say. It is an open secret that they receive moral as well as material support from Marshal Chang Hsueh-liang and his adherents. The attacks in South Manchuria were beaten off without much difficulty by the Japanese troops guarding the railways and caused little serious damage: they indicated, however, the increased daring and the ubiquity of the Volunteers as well as a certain degree of co-operation among the different units. Quite recently bands have actually attacked Mukden several times, and on August 30th they succeeded in destroying one of the hangars at the aerodrome.

10. As a background to the specific hostilities described, a general prevalence of banditry in the interior must be envisaged. The status of the anti-Government forces throughout Manchuria is indeed assimilated to that of the bandits, as is the case with all disorganised troops in China. They live on the country and loot towns and trains in the course of their operations. The larger bodies, however, are clearly to some extent organised and activated by a definite hostility to the Japanese and they may even be in receipt of a measure of external support from China and possibly also from Russia (although there have been fewer complaints lately by the Japanese of Soviet assistance to the enemy). In addition the anarchical activities of these bodies, together with the tactics originally adopted by the Japanese, who in their expeditions into the interior deliberately bombed and devastated localities occupied by hostile forces, have driven a number of the inhabitants to turn to banditry as the Manchurian peasants in general readily do. In June the bandits in Manchuria, as opposed to 'anti-Manchukuo troops', were estimated from Japanese figures to number about 60,000; they are now probably considerably more numerous.

11. The situation depicted above is sufficiently discouraging from the Japanese point of view, especially when it is considered that the avowed object of their intervention in Manchuria was to protect life and property and that one of the main charges which they laid at the door of the previous administration was the prevalence of banditry. There is no indication at present that the hostile elements are capable of any large-scale operations which would be likely to threaten the Japanese military hold on the country. On the other hand, the Japanese appear themselves to have abandoned any attempt at taking positive measures against them. The result is that, as far as can be gathered, the interior districts are entirely given over to irregulars

and bandits. This is unfortunately by no means an unheard-of situation in China; and owing to the comparatively extensive railway system of Manchuria and the superior reliability of the Japanese troops who secure the main centres and lines of communication, it will not necessarily preclude the maintenance of a more or less stable government, even though the latter may exercise little control in the interior. But it would seem to rule out the possibility of any early return of the vaunted prosperity formerly enjoyed by the Manchurian provinces, where the situation in the interior can never before have been as bad as it is to-day; and unless and until means can be found to bring about a gradual restoration of peace and order, Manchuria must surely prove a liability rather than an asset to Japan economically as well as politically. The Japanese military authorities are said to be training a new Manchurian army of some 100,000 men, to whom they hope eventually to entrust the task of bandit suppression; but in view of past experience it seems unlikely that unless it is heavily officered by Japanese (which does not appear to be the intention) this formation will prove a reliable weapon for the purpose.

12. The attitude of the rest of the world to the new State has in general been one of suspended judgment pending consideration of the report prepared by the League of Nations' Commission of Enquiry; and interest has centred on the work of this Commission and on the question of the recognition of the Manchurian Government by Japan. The activities of Lord Lytton and his colleagues and their visits to Manchuria have been chronicled in separate despatches from this Legation and from His Majesty's Embassy in Tokyo.<sup>6</sup> They have recently left Peking on the completion of their report, which is to be submitted to the Assembly of the League for discussion in October. In the meantime Japan has finally made up her mind to forestall the League's decision by recognising the new Government.

13. Opinion in Japan had for some time been in favour of this step, which was, in fact, from the point of view of the Japanese public, both reasonable and desirable, being nothing more than the regularisation of an existing state of affairs. As such there could have been no objection to it, had it not been that the Japanese Government had consistently denied in public the part played by Japan in forming the new State and disclaiming any responsibility for or connexion with the Changchun Government: in these conditions to recognise the latter while the circumstances of its origin were being investigated by the League Commission would be to prejudice an issue supposed to be *sub judice* and would amount to open defiance of the League. The Japanese Government were in fact in something of a dilemma, for if they postponed recognition till after the discussion of the Lytton Report they would probably be faced by a decision which would render it even more difficult to recognise without openly flouting the League and world opinion.

14. The earlier phases through which the decision of the Government developed are recorded in Sir F. Lindley's despatch No. 3587 of the 7th July

<sup>6</sup> See, e.g., Nos. 631 and 533 respectively.

<sup>7</sup> See No. 511, note 3.

from Tokyo. Early in June the Prime Minister intimated in the Diet that he 'was thinking of recognising Manchukuo as soon as possible', though he qualified this statement by a reference to the complications involved; and on June 14th the Diet passed a unanimous resolution<sup>8</sup> urging speedy recognition. In the meantime Count Uchida (who had not yet taken office as Minister for Foreign Affairs) had on the 16th [? 26th]<sup>9</sup> May shown to Lord Lytton at Dairen a memorandum, in which he represented the recognition of the new State as affording the only solution of the Manchurian problem; and the Commission for some time entertained the fear that it was the intention of the Japanese to recognise forthwith and thus face them with a *fait accompli* on their proposed visit to Tokyo in July. The Chinese Government protested<sup>10</sup> both in published statements and at Geneva against the intention revealed in the Japanese Diet's resolution, and representations were made to His Majesty's Government and also, it is believed, at Washington, Paris and Rome, urging that recognition would be a breach of the Nine Power Treaty as well as of the resolutions of the League. His Majesty's Government thereupon caused enquiries to be made at Tokyo as to the real intentions of the Japanese Government, pointing out that the Washington Nine Power Treaty would forbid the signatories to encourage the Manchurian independence movement and urging that care should be taken to avoid giving the impression that Japan was acting contrary to her Treaty obligations. An informal assurance was obtained that it was not likely that recognition would take place while the League Commission was in the Far East;<sup>11</sup> but in response to these and subsequent representations by His Majesty's Ambassador at Tokyo the Japanese Government have consistently refused to admit that recognition of Manchurian independence would constitute an infraction of the Nine Power Treaty and have made no secret of their intention to accord it in due course, irrespective of the views of the League and of other Powers, though no indication was given of the date. By the end of August this latter question appears to have been decided, and it was announced in the press<sup>12</sup> that a treaty regulating the relations between Japan and Manchuria would be concluded on or about September 18th (i.e. after the departure of the League Commission but before the publication of their report).

15. At the same time, in conjunction with the campaign for recognition of Manchuria, a move culminated which had taken shape some time previously for the unification of the various organs of Japanese administration functioning in Manchuria, that is to say, the Japanese General Staff, the Government of the Kwantung Leased Territory, the Japanese Consular organisation, and the South Manchuria Railway administration. It was eventually decided to appoint a high military officer, who should be Commander-in-Chief of the Japanese forces in Manchuria and concurrently Governor-General of the Leased Territory, as 'Special Ambassador' to Manchuria.<sup>13</sup> As such he would be the head of the Japanese diplomatic and

<sup>8</sup> See No. 445.

<sup>9</sup> See No. 419.

<sup>10</sup> See No. 442.

<sup>11</sup> See No. 445.

<sup>12</sup> See No. 650.

<sup>13</sup> See No. 576.



consular service in the country and would enjoy a position to which the closest parallel is perhaps that of the British High Commissioner in Egypt. The main effect and presumably the object of this concentration of functions would appear to be to regularize and consolidate the supremacy which the military authorities have exercised over Japanese policy in Manchuria since September 18th last: for the moment, apart from an improved co-ordination, it does not seem likely to involve any material alteration in the existing state of affairs; it is impossible, however, to avoid the impression that it is a development which, by perpetuating the dominant position of the Japanese military in Manchuria, is calculated to block the way to any possible peaceful solution of the Manchurian question.

16. The officer selected for the new appointment, General Muto, was installed at Tokyo on August 8th and arrived in Mukden on August 26th, where he remained pending the recognition of the Manchurian Government by Japan. Finally, it was announced on September 14th that he would proceed to Changchun in order to sign the protocol regulating relations between Japan and Manchuria on the following day. This ceremony duly took place yesterday, and I learn from Sir F. Lindley's telegram No. 357<sup>14</sup> of September 15th that the text of the protocol, together with that of a declaration issued by the Japanese Government in justification of their action, has been telegraphed to London. It will be seen that the main points provided in the protocol are an undertaking by Manchuria to confirm and respect existing Japanese rights and interests and the stipulation that Japan shall maintain in Manchuria the troops necessary for the maintenance of security.

17. It is too early to say what will be the reactions to this development in China. The reports of the imminence of recognition were accompanied by rumours of probable anti-Japanese outbreaks in China, in preparation for which the Japanese sent warships to Nanking and Hankow. The indications are, however, that the Chinese Government do not wish to provoke another Shanghai incident and are prudently anxious not to introduce any further complications into the situation before the question comes up for debate before the Assembly of the League.<sup>15</sup> According to this morning's press, a Note<sup>16</sup> has been addressed to the Japanese Government protesting against the act of recognition, which recapitulates the alleged breaches by Japan of various international obligations and states that the Chinese Government will hold her responsible for all her aggressive acts. China is also said to have once more protested to Geneva against the action of the Japanese Government and to be addressing Notes to the Washington Powers urging that this action is a violation of the Nine Power Treaty which it is inconceivable the Powers will allow to go unchallenged. There is also talk in the press of a move by the Chinese Government to call a conference of the Washington Treaty Powers. On the whole, however, it seems likely that any such move will be

<sup>14</sup> No. 686.

<sup>15</sup> Cf. Nos. 680-1.

<sup>16</sup> For the text of this note, see *F.R.U.S.* 1932, vol. iv, pp. 262-5.

postponed until after the meeting of the Assembly and that China, like the rest of the Powers, will await for the time being the outcome of the discussions at Geneva.

I have, &c.,  
E. M. B. INGRAM

No. 692

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 17, 9 a.m.)*  
*No. 360 Telegraphic [F 6788/1/10]*

TOKYO, September 17,<sup>1</sup> 1932, 11.15 a.m.

My immediately preceding telegram.<sup>2</sup>

I have just received another immensely long telegram from the Minister for Foreign Affairs of Manchukuo adducing reasons why Western Powers should in the interests of world peace and international relations recognize the new state and re-affirming open door policy.

Copy<sup>3</sup> by bag tomorrow.

Repeated to Peking.

<sup>1</sup> This telegram was drafted on September 16.

<sup>2</sup> In this telegram (No. 359 of September 16, not printed) Sir F. Lindley summarized a telegram of September 15 addressed to him by the 'Foreign Minister Manchukuo' stating that, since the formal recognition by Japan, Manchukuo had decided to treat China as a foreign country in respect of customs tariffs, commerce, and navigation as in all other matters. After September 25 export and import duties at the existing rates would be levied on trade with China by sea and land routes. Cf. *F.R.U.S.* 1932, vol. iv, p. 248.

<sup>3</sup> Not printed.

No. 693

*Mr. Ingram (Peking) to Sir J. Simon (Received September 19, 9.30 a.m.)*  
*No. 694 Telegraphic: by wireless [F 6837/552/10]*

PEKING, September 17, 1932

I have received private letter from Hubbard, Hongkong and Shanghai Bank, Shanghai, telling me [Mr. C. G. G.] Pearson, English secretary and virtual number two to Foreign Chief Inspector in salt administration for many years past, has been superseded by an American named Gale [Mr. E. M. Gale] who was in salt gabelle from 1914 to 1928 then resigned and has now rejoined. Pearson is being allowed to keep title for six months but Gale is doing his work and will receive substantive appointment at the end of that time. Pearson was up against Cleveland<sup>1</sup> because of his outspokenness and his removal on that account was perhaps to be expected.

<sup>1</sup> Mr. Cleveland, an American, was foreign Associate Chief Inspector of the Salt Administration. According to Sir J. Brenan's despatch No. 320 of September 13 to Mr. Ingram (copy received in the Foreign Office on November 11 as enclosure in Peking despatch No. 1222 of September 22), Mr. Pearson had been sent on an inspection tour to the Upper Yangtze, after preparing a report for the Lytton Commission on Japanese interference with the salt revenues of Manchuria.

In contrast to Pearson . . .<sup>2</sup> and has no qualifications and accordingly post will now be filled by a retired man of no particular mark over the heads of all the foreign staff who have served continuously through the difficult years. Gale's return to service is said to be due to influence of United States Minister and United States Consul General at Shanghai. Associate chief inspector and English secretary are now the only two foreigners at Chief Inspectorate and both are Americans though the latter have little or no interest in salt secured loans.

Hubbard adds that Cleveland seems to have little sense of his responsibility for maintaining priority of these loans under reorganisation loan agreement and it is suspected that chief inspectors are at the moment holding an accumulation of funds over 'loan quota' arrangement which might be used to liquidate overdue loan service payments under Minister of Finance's programme of 1929 in order to use the money as collateral security for advances to Ministry by Chinese banks. He suggests that filling of the top posts by Americans and passing over of British members is having a bad effect on our prestige seeing that the service is purely a British creation.

For reasons stated in my telegram No. 71<sup>3</sup> last year in the case of Hussey Freke and in view of terms of Article 5 of reorganization loan agreement and Article 2c. of regulations attached thereto for the working of chief inspectorate, see MacMurray<sup>4</sup> (pages 1009 and 1026)—terms which were closely followed in Article 4 of revised regulations forming enclosure 3 of Sir M. Lampson's despatch No. 1500 of 1928—I do not propose, subject to any instructions you have to give me, to take any action unless Pearson approaches me on the grounds of unjust personal treatment. At the same time, I shall draw Minister of Finance's attention to the question privately when I next see him and point out that the perpetual superseding of the English by the Americans in highest posts of the service is not passing unnoticed by His Majesty's Government.

Repeated to Mission.

<sup>2</sup> The text is here uncertain.

<sup>3</sup> In this telegram of February 17, 1931, not printed, Mr. Ingram had referred to Mr. Hussey Freke's supersession as Chief Inspector of the Salt Administration in China by Mr. Cleveland and said that the only grounds on which a protest could be made to the Chinese Government would be the threatened disintegration of the inspectorate service to the detriment of bondholders and that it was a matter of speculation whether the change would have any adverse effect on the position of the salt loans.

<sup>4</sup> See No. 166, note 4.

#### No. 694

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received October 14)*

*No. 501 [F 7406/1/10]*

*Confidential*

TOKYO, September 17, 1932

Sir,

I have the honour to report that one of my foreign colleagues informed me yesterday that the Minister for Foreign Affairs had already asked the

Russian Ambassador informally in conversation whether his Government intended to follow the Japanese example in recognising Manchukuo. Mr. Troyanovski had replied, so he told my friend, that the Soviet Government had not yet had time to study the Protocol and Declaration enclosed in my despatch No. 495<sup>1</sup> of the 15th instant, and that he was not in a position to answer.

2. In my telegram No. 339<sup>2</sup> Confidential of the 2nd instant I reported the present attitude of the Japanese Government towards the Soviet proposal for a Pact of non-aggression; and it would not surprise me were they to attempt to couple their acceptance of this proposal with the question of recognition. How the Soviet Government would view such a transaction I have at the time of writing no means of judging; but I will endeavour to extract something from my Soviet Colleague as soon as I have a favourable opportunity.

I have, &c.,  
F. O. LINDLEY

<sup>1</sup> No. 688.

<sup>2</sup> No. 642.

### No. 695

*Minute by Mr. Orde*

[F 6877/1/10]

FOREIGN OFFICE, *September 17, 1932*

The Chinese Minister and the Japanese Ambassador have asked to see the Secretary of State on Monday.<sup>1</sup> Presumably they are both coming in connexion with the recognition of Manchukuo by Japan. It is not clear what Monsieur Matsudaira will have to say but Mr. Kuo is no doubt coming to present the protest and the request for a conference of the Washington Powers, of which we have had warning.

The papers are at present with the Secretary of State. It was suggested on them that we should reserve any definite attitude till the Lytton Commission's Report had been received and considered. The Washington Treaty does not forbid recognition as an independent State of a part of China which spontaneously breaks away. The Japanese contention is that Manchukuo did spontaneously break away. The Lytton Report will be the main source of evidence on the question, and it seems impossible to anticipate it.

As regards a conference of the Washington Powers, it is difficult to see how it could do any good in advance of the League consideration of the question (or probably even later on). Except for the United States of America the Powers are Members of the League and the question is formally before them in that capacity; they cannot well act by a different procedure in advance, especially when an essential document is not yet available.

C. W. ORDE<sup>2</sup>

<sup>1</sup> September 19.

<sup>2</sup> This minute was initialed on the same day by Mr. G. Mounsey and Sir J. Simon.

No. 696

*Mr. Ingram (Peking) to Sir J. Simon (Received September 18, 6 p.m.)*

*No. 700 Telegraphic: by wireless [F 6807/1/10]*

PEKING, September 18, 1932

Following received from Mr. Holman telegram No. 338 of September 17th.

I have just received from Waichiaopu:—

a. Copy of note<sup>1</sup> regarding Manchukuo dated September 16th from Chinese Government to Japanese Government enumerating at length misdeeds of the latter, protesting against Japan's violation of international obligations and holding her responsible for all acts of aggression and

b. Note to you dated September 16th on the same subject. In the latter note Chinese Government draw attention to the serious situation which has arisen as a result of recognition of Manchukuo by Japan. Chinese Government point out such action constitutes violation of Nine Power Treaty and add that as situation involves the application of stipulations of that treaty, in accordance with Article 7 they are communicating their views to signatory powers with a request that such measures be taken as will properly and effectively deal with the state of affairs brought about by Japan's acts of aggression in China since September 18th, 1931. I understand that text of note has been telegraphed to London by Waichiaopu.<sup>2</sup>

Texts of notes go to you by express post today.

<sup>1</sup> See No. 691, note 16.

<sup>2</sup> Cf. No. 698 below, enclosure.

No. 697

*Mr. Osborne (Washington) to Sir J. Simon (Received September 20, 9 a.m.)*

*No. 379 Telegraphic [F 6828/1/10]*

*Confidential.*

WASHINGTON, September 19, 1932, 6.45 p.m.

My immediately preceding telegram.<sup>1</sup>

From German demands for abrogation of treaty restrictions on pain of withdrawal from disarmament conference, Mr. Stimson passed, via danger to League inherent in potential German, Italian, Japanese withdrawal, to Manchuria question. It is clear that he is impressed by the similarity of mentality and method of German and Japanese Governments and in both cases sees the need for resistance by the rest of the world, and particularly by Great Britain and United States to idea analogous to policy of defiance of treaty obligations. He is unquestionably anxious as to the line we shall take on Lytton report and he told me he had recently had more reason for satisfaction on French attitude than on ours. He realised pressure on His Majesty's Government of conservative British element in the Far East and

<sup>1</sup> Volume IV, No. 100: in this telegram Mr. Osborne reported a conversation with Mr. Stimson on September 18, cf. last paragraph of present telegram.

at home; from practical and local point of view they probably had some justification for advocating acceptance of *fait accompli*. But from point of view of governments the sanctity of treaties and reputation and possible existence of League were of greater moment. As he had said in his letter to Senator Borah of February 23rd (See my despatch 347 of February 25th)<sup>2</sup> figure reductions accepted at Washington conference<sup>3</sup> were dependent on 9 power treaty and failure of latter might require increase of American forces, which would be a tragic set back to the cause of disarmament.

As regards his own present position and capacities for action, he pointed out the pre-election situation here inevitably imposed a kind of moratorium on action in international affairs. This is undoubtedly true. He also said that his August speech on the subject of pact of Paris<sup>4</sup> (see my despatch 1232<sup>5</sup> of August 11th) had been intended to strengthen the hands and peace machinery of the League.

The foregoing, as well as my immediately preceding telegram, represents an attempt to summarise a long, desultory and inconsecutive conversation in the garden of Mr. Stimson's house. Please therefore treat it as a personal rather than official expression of his views.

<sup>2</sup> Volume IX, No. 579. Cf. No. 9 above, note 11, for the letter to Senator Borah.

<sup>3</sup> A reference to the U.S. Government's agreement, in the treaties signed at the Washington Conference, to naval limitation and the non-fortification of Guam and the Philippine islands (cf. Cmd. 1627, Nos. 1 and 7).

<sup>4</sup> See No. 619, note 1.

<sup>5</sup> This despatch (received August 23, not printed) had transmitted the text of Mr. Stimson's speech.

#### No. 698

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 775 [F 6819/1/10]*

FOREIGN OFFICE, *September 19, 1932*

Sir,

The Chinese Minister delivered to me this morning the annexed statement, explaining that an identic document was being delivered to the other signatories (except Japan) of the Nine Power Treaty and to the other Governments which had expressed their adherence to that document. In the case of Japan, the Chinese Minister said that he understood that a communication in the form of protest was being made.<sup>1</sup> Mr. Quo Tai-chi called attention to the final paragraph of the statement, in which the Chinese Government claimed to be acting in accordance with Article 7 of the Nine Power Treaty in communicating its views and requested that such measures would be taken as would effectively deal with the state of affairs brought about by Japan's action in relation to China during the past year. The Minister said that his Government would no doubt await the action of the League of Nations on

<sup>1</sup> Cf. No. 691, paragraph 17.

the Lytton report and suggested that there might emerge another international conference corresponding to the Conference at Washington.

Mr. Quo Tai-chi called my attention to the announcement that the Manchukuo State would pursue its open-door policy only in relation to those foreign States which were in full diplomatic relations with it and observed that this showed the importance of the matter, not only from the Chinese point of view, but from the British point of view also. In the meantime the Chinese Government was doing all it could to control public feeling and it was significant, he thought, that the Japanese Government had given instructions to its Consuls in China to forbid all Japanese celebrations on the occasion of the recognition of the Manchukuo a few days ago.

I promised His Excellency that the document should receive prompt and careful attention. In the meantime I made no comment on it beyond saying that we at all times desired to maintain the most friendly relations with the Chinese Government.<sup>2</sup>

I am, &c.,  
JOHN SIMON

ENCLOSURE IN No. 698

*Statement*

CHINESE LEGATION, LONDON, *September 17, 1932*

The Chinese Government has the honour to invite the attention of His Britannic Majesty's Government to the serious situation precipitated by the Imperial Japanese Government's announcement on September 15, 1932, of her recognition of the so-called Manchukuo, an organization created and maintained and controlled by Japan in the three Eastern provinces of the Chinese Republic, and by the publication of what purports to be a treaty between Japan and her puppet organisation whereby Japan may station troops in these provinces at her free will, and thus attempts to establish a virtual protectorate over that part of China's territory.

This latest act of aggression on the part of Japan adds the most damaging link to the chain of international delinquencies perpetrated by her during the last twelve months, which consist not only in usurpation of China's sovereign rights but in continuous violation of international treaties of the most important character, including the Nine-Power Treaty concluded at Washington in 1922 to which His Majesty's Government is a signatory party.

It need not be recounted how Japan started her invasion of Manchuria September 18, 1931, nor how she has since extended her military operations over territory inhabited by thirty million Chinese citizens, and how she has used sheer force in usurping administrative powers of the Chinese Government and establishing a bogus administration in the area she has unlawfully

<sup>2</sup> A printed copy of this despatch and its enclosure was sent on September 22 to H.M. the King, the Cabinet, and the Dominions.

occupied. All such facts are but too well-known to need recapitulation. Suffice it to say that from September 18, 1931, when Japanese troops opened their premeditated attack on Shenyang (Mukden) until the present time not a day has passed without Japan aggravating her wrong course by one act or another. The series of crimes of which Japan is guilty have now culminated in her recognition of the so-called Manchukuo.

Japan has attempted to deceive the world by advancing the ridiculous argument that the so-called Manchukuo was brought into existence by Chinese citizens who desired to secede from the Chinese Republic. Undeniable facts show that the bogus government in Manchuria is the product of Japanese military aggression pure and simple. Great numbers of Japanese who are directly responsible to the Government at Tokio are dictating matters in the puppet organization, while the masses in Manchuria are under constant oppression and intimidation by Japanese militarists. When the Japanese troops are withdrawn from Manchuria the so-called Manchukuo will vanish completely.

By Article One of the Nine-Power Treaty the contracting Powers other than China agree *inter alia* to respect the sovereignty, independence and territorial and administrative integrity of China. There is not the slightest doubt that Japan's recognition of her own puppet organisation and all her previous actions so methodically performed in pursuance of her policy of aggression in Manchuria constitute a direct violation of China's sovereignty as well as her territorial and administrative integrity. It was with the view of preventing such a state of affairs as has now been brought about by Japan that the Powers entered into the engagements above referred to.

Japan is now not only victimising China, but deliberately defies the world's opinion and sets at naught the solemn obligations she owes to the other Powers. It cannot be conceived that Japan's actions should be permitted to go unchallenged and that the Nine Power Treaty should be treated by those Powers which have subscribed to its engagements as a mere scrap of paper. The principle of the sanctity and inviolability of international treaties is at stake. When above four hundred thousand square miles of the territory of the Chinese Republic have been seized by the Japanese military forces and when Japan has given her official sanction, against advice and admonition of friendly Powers, to the unlawful organisation she has created in that territory, the painful consequences are not confined to China alone, but the peace of the world is ominously threatened.

In view of these circumstances the Chinese Government considers that a grave situation has arisen which involves the application of the stipulations of the Nine-Power Treaty, and therefore in accordance with Article Seven thereof it communicates its full and frank views to the Governments of those Powers which are parties to that Treaty, with the request that such measures be taken as will properly and effectively deal with the state of affairs brought about by Japan's acts of aggression in China beginning with the attack on Shenyang (Mukden) on September 18, 1931, and culminating in the recognition of her puppet organisation, September 15, 1932.



No. 699

*Letter from Mr. Ingram (Peking) to Mr. Orde (Received November 5)*

[F 7803/1/10]

PEKING, September 19, 1932

Dear Orde,

With reference to my telegram No. 641<sup>1</sup> to the Foreign Office of September 7th informing you that the rumour of trouble brewing at Hankow between the Japanese and Chinese was according to our Consul-General quite unfounded, I enclose a copy of a letter<sup>1</sup> from Sir Meyrick Hewlett<sup>2</sup> giving further details of the present relations in Hankow between the Japanese and Chinese authorities.

He considers, as you will see, that these relations are perfectly satisfactory and his view is shared by his American and French Colleagues.

I am sending Sir Francis Lindley a copy of Hewlett's letter.

Yours ever

E. M. B. INGRAM

<sup>1</sup> Not printed.

<sup>2</sup> H.M. Consul-General at Hankow.

No. 700

*Sir J. Simon to Mr. Hurst<sup>1</sup> (Port Said)*

*No. 11 Telegraphic [F 6502/1/10]*

FOREIGN OFFICE, September 20, 1932, 5.35 p.m.

Please convey following personal message from me to Lord Lytton passenger on s.s. 'Gange' due Port Said, 27th September.

Begins:

Many thanks for your suggestion<sup>2</sup> that you should come to see me at Geneva on your way back. I feel however and hope you will agree that it would be wiser not to make this visit.

Ends.

<sup>1</sup> H.M. Consul at Port Said.

<sup>2</sup> Transmitted in Peking telegram No. 627 of September 4, not printed.

No. 701

*Mr. Ingram (Peking) to Sir J. Simon (Received September 20, 7 p.m.)*

*No. 710 Telegraphic: by wireless [F 6880/1/10]*

PEKING, September 20, 1932

My telegram No. 696.<sup>1</sup>

League Secretary<sup>2</sup> leaves this afternoon for Shanghai and having been

<sup>1</sup> In this telegram of September 17 Mr. Ingram referred to proposals, first reported in his telegram No. 629 of September 5 to the Foreign Office, for distributing the League Commission's report. Lord Lytton proposed, with the approval of Sir E. Drummond, that

[note 1 continued on p. 785 together with note 2]

unable to make other arrangements has deposited copies of reports for five heads of Mission with me. In the absence of further instructions from you I have accepted custody.<sup>3</sup>

They are in a box key of which Secretary will give to Chinese correspondent of League's information section who resides in Nanking and who will in due course come to Peking to undertake distribution.

Haas is himself proceeding to Japan and will arrange with His Majesty's Consul-General Shanghai whether or not to use our safe hand machinery. In any event a similar box with copies for heads of mission and sealed parcel with copies for<sup>4</sup> Gaimusho will be handed to His Majesty's Embassy Tokyo and key formally given to head of League's Tokyo office. His Majesty's Consul-General Shanghai has been instructed to telegraph to Tokyo details of any subsidiary arrangements made between him and Haas.<sup>5</sup>

Repeated to Mission, Shanghai and Tokyo.

copies of the report should be transmitted to the Chinese and Japanese Governments through the good offices of H.M. Legation at Peking and H.M. Embassy at Tokyo respectively, and that copies for the embassies or legations of the five powers represented on the Commission should be first deposited with H.M. Legation in Peking and then distributed in accordance with a releasing telegram from Geneva when the date of publication had been decided. Sir J. Simon, in his telegram No. 192 of September 8, thought the arrangement 'embarrassing' but was prepared to agree if no alternative could be found.

<sup>2</sup> M. Robert Haas, Secretary of the Commission.

<sup>3</sup> Foreign Office telegram No. 207, despatched at 12.30 p.m. on September 21, said there was 'no objection in last resort' to 'undertaking safe custody'.

<sup>4</sup> The words 'heads of mission . . . copies for' were inserted on the filed copy at Mr. Ingram's request in a further telegram, unnumbered, of September 21, received at 12.30 p.m.

<sup>5</sup> The Report was delivered to the Chinese Government on September 30 and the Annexes and Summaries on October 1, according to Mr. Ingram's telegram No. 758 of October 4 (received October 6, 12.45 p.m.). For the decision of the Council of the League of Nations to issue the Report on October 1, see *L/N.O.J.*, November 1932, p. 1735.

## No. 702

*Mr. Ingram (Peking) to Sir J. Simon (Received September 21, 6 p.m.)*

*No. 714 Telegraphic: by wireless [F 6895/451/10]*

PEKING, September 21, 1932

Tokyo telegram No. 359.<sup>1</sup>

Butterfield and Swire at Shanghai have enquired whether they should pay tonnage dues at Newchwang under protest. They are being informed that they should be guided by advice of His Majesty's Consul, Newchwang, but that British shipping will probably be unable to avoid payment under protest in the last resort.

Repeated to Tokyo.

<sup>1</sup> See No. 692, note 2.

No. 703

*Note from Sir J. Simon to the French Ambassador*  
[F 6878/1/10]

FOREIGN OFFICE, *September 21, 1932*

Your Excellency,

You enquired on the 12th September<sup>1</sup> what attitude His Majesty's Government in the United Kingdom proposed to adopt in view of the then impending recognition by the Japanese Government of the new Manchukuo Administration.

2. In reply to this enquiry, I have the honour to inform Your Excellency that throughout the progress of the Sino-Japanese dispute regarding Manchuria, His Majesty's Government in the United Kingdom have considered that this is a matter which should primarily be dealt with by the League of Nations. They do not feel that any change in this attitude is required as a result of the step which has now been taken by the Japanese Government.

I have, &c.,

(For the Secretary of State)

C. W. ORDE

<sup>1</sup> Cf. No. 677.

No. 704

*Sir J. Simon to Mr. Ingram (Peking)*  
*No. 209 Telegraphic* [F 6810/5851/10]

FOREIGN OFFICE, *September 22, 1932, 4 p.m.*

United States Government have communicated to His Majesty's Chargé d'Affaires in Washington memorandum<sup>1</sup> reviewing possibility of hostilities south of the wall and suggesting possible desirability of proposing temporary neutralisation of Peking and ten mile surrounding area. United States Minister in Peking has been informed and will presumably discuss matter with you. Please telegraph your observations in due course.

<sup>1</sup> The text of this memorandum, handed to Mr. Osborne on September 16, is printed in *F.R.U.S. 1932*, vol. iv, pp. 250-3. It was summarized in Mr. Osborne's telegram No. 377 to the Foreign Office of September 18 and a copy was sent to the Foreign Office under cover of Washington despatch No. 1423 of September 20 (received October 3). Meanwhile, on September 19, the U.S. Chargé d'Affaires in London had read the memorandum to Sir J. Simon. It was in reply to Sir J. Simon's enquiry of the U.S. Ambassador, in a conversation of September 13 (cf. *F.R.U.S.*, *ibid.*, pp. 244-5), 'as to whether the United States Government had any information on Japanese activity south of the Great Wall of China, such as might be the precursor of trouble in the Peking area'.

*Mr. Ingram (Peking) to Sir J. Simon (Received September 23, 9.30 a.m.)*

*No. 722 Telegraphic: by wireless [F 6952/451/10]*

PEKING, September 22, 1932

Tokyo telegram No. 359.<sup>1</sup>

Exact implications of this move are not yet clear but it seems certain to have far-reaching effects on trade between China and Manchuria.

Direct British interests do not however seem likely to be affected to any great extent. British imports to and exports from Manchuria will pay duties to Manchukuo instead of to China. Payment of consolidated taxes by big distributing companies in China will presumably no longer be recognised by Manchukuo but tobacco company at present supplies Manchuria from its Mukden factory and oil company can ship direct.

Payment of additional tonnage dues etc. at Manchurian ports (other than Dairen) may seriously affect shipping but British share of shipping calling at these ports is not very great.

It is not unlikely that Japanese recognition of Manchukuo will entail abrogation of Sino-Japanese customs agreement of 1907 regarding Dairen and that Manchukuo Government will claim that it is heir to Chinese rights in leased territory.<sup>2</sup>

I am asking Consul General and Commercial Counsellor at Shanghai for their observations on the foregoing.<sup>3</sup>

Repeated to Tokyo, Commercial Counsellor and Mission.

<sup>1</sup> See No. 692, note 2.

<sup>2</sup> Mr. Ingram reported in his telegram No. 735 of September 27 to the Foreign Office that the Chinese Government had decided, on the advice of the Inspector General of Customs, to treat Manchuria for customs purposes as Chinese territory in rebellion and not as a foreign country, 'the only difference so far as China is concerned being that duties previously collected in Manchuria will now be collected in China but presumably they will also be taxed in Manchuria and so will pay double duty'. For Mr. Soong's statement of September 23 on the customs issue, see *China Year Book 1933*, pp. 602-3.

<sup>3</sup> Their observations were set out in Shanghai telegram No. 28 of September 28 to Peking (repeated to the Foreign Office by Mr. Ingram in Peking telegram No. 747 of September 30). After analysing various possibilities, they concluded that the 'existing Shanghai re-export trade to Manchuria will be transferred to Hongkong and that a re-export trade to Manchuria after then in piece goods may be developed through Japan'. They also thought that 'separate duties in Manchuria' might well be but a cloak behind which Japanese traders would secure 'undisclosed and illegal preferences', and that, generally speaking, the prospects of increased trade to Manchuria in the immediate future were not good except for Japan.

*Mr. Ingram (Peking) to Sir J. Simon (Received November 11)**No. 1223 [F 7953/283/10]*PEKING, *September 22, 1932*

Sir,

I have the honour to forward herewith copies of three despatches<sup>1</sup> from His Majesty's Consul-General at Shanghai, as marked in the margin, on the subject of discrimination in the levy of internal Customs duties, in favour of a Chinese factory at Shanghai manufacturing nails et cetera, to the disadvantage of a previously established factory at that port operated by a British company and manufacturing similar goods for the China market. The fact that such preference is in practice granted to the goods of the Chinese factory having been definitely confirmed on application to the Shanghai Customs House, I have addressed the Note,<sup>2</sup> of which a copy is enclosed to the Minister of Foreign Affairs, asking for an explanation of this discrimination, in face of the oft-declared policy of the National Government to encourage the introduction of foreign capital in industries in this country.

2. The exemption from taxation granted in this case to the Chinese factory would appear to be in pursuance of the Law for Encouraging Special Industries promulgated by the Chinese Government on the 31st of July 1929 (see paragraph 4 of Sir Miles Lampson's despatch No. 497 of April 22nd, 1930)<sup>3</sup> and similar legislation of this character. It is perhaps curious that no previous case of discrimination in accordance with this Law has, as far as I am aware, been brought to the notice of this Legation by British companies operating factories in China.

3. The discrimination practised in this instance would appear to be much on a par with that in connection with freights on the Chinese Government Railways, to which the attention of the Chinese Government has frequently been drawn. Whereas that form of discrimination can, however, be held to be directly contrary to the stipulations of Article 5 of the Nine-Power Treaty signed at Washington on February 6th 1922, there is no treaty provision which can be invoked against discrimination in taxation matters between goods manufactured in China by foreign firms and those manufactured by Chinese firms (see the opinions expressed by the Board of Trade in their letter of January 6th 1931, enclosed in Foreign Office despatch No. 68 of January 20th 1931).<sup>3</sup> In their previous letter to the Foreign Office of December 11th 1930, on the subject of discriminatory internal taxation in China generally (see Foreign Office despatch to this Legation No. 30 of January 9th 1931),<sup>3</sup> the Board expressed the view that while there was no treaty stipulation at present in force which could be invoked in this connection, it would certainly be desirable to secure in any complete Commercial Treaty that may in the future be concluded with China sufficient provisions

<sup>1</sup> Not printed: they were Shanghai despatches to Peking Nos. 242, 248, and 296 of June 28, July 2, and August 4, respectively.

<sup>2</sup> Dated September 22, not printed.

<sup>3</sup> Not printed.

to ensure that British manufacturers in China and their products will be subject to no other forms of taxation than those applicable to Chinese manufacturers and their products. I have accordingly deemed it desirable to call the serious attention of the Chinese Government to this particular case. As far as the question of the employment of British material is concerned, I have reason to think that the raw material for the products of the British factory concerned come from Belgium; on the other hand, I am not aware that the imported products with which they compete are manufactured in the United Kingdom.

4. The point at issue raises also the question of the uneconomic nature of the continued levy of the inter-port export duty (so-called) on native goods carried coastwise between treaty port and treaty port, although the additional half (coast trade) duty has been abolished since January 1st 1931—a question which was much discussed at the Tariff Conference of 1925–26. In the present communication to the Chinese Government however I have not thought it desirable to discuss this point, which chiefly concerns native trade though it also affects the coastal shipping in which we have so large an interest.

I have, &c.,  
E. M. B. INGRAM

No. 707

*Mr. Ingram (Peking) to Sir J. Simon (Received November 12)*

*No. 1231 [F 7970/65/10]\**

PEKING, September 22, 1932

His Majesty's Chargé d'Affaires, Peking, presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and transmits herewith copy of despatch No. 325 from His Majesty's consul-general, Shanghai, dated the 14th September, respecting Shanghai Extra-Settlement Roads Agreement.

ENCLOSURE IN No. 707

*Sir J. Brenan to Mr. Ingram*

*No. 325*

*Confidential*

SHANGHAI, September 14, 1932

Sir,

Shortly after my despatch No. 320<sup>1</sup> of the 7th instant was written, I received a visit from Mr. Murai, the Japanese consul-general, who repeated at some length the objections of the Japanese Government to the proposed agreement about Extra-Settlement roads. In addition to the arguments previously advanced by Mr. Yano, he endeavoured to show that the conclusion of an agreement of this nature with the Chinese authorities was

<sup>1</sup> See No. 679, note 3.

beyond the powers conferred on the Council by the Land Regulations, apart from the fact that it affected extra-territorial rights secured under the treaties.

2. Mr. Murai said that, in this respect, the Council were like a board of directors of a corporation, and were limited to the powers given to them by the Articles of Association. I replied that if that were so, then the Council were already acting *ultra vires* in policing the outside roads, as there was certainly nothing in the Land Regulations authorising them to do so. Nevertheless, the Japanese main objection to the agreement was that under it they would give up the policing of the roads. His argument did not seem to me to be consistent.

3. After fencing in this way for a while, Mr. Murai admitted to me privately that these were merely arguments intended to block the agreement for the time being, but he gave it as his confidential and personal opinion that the attitude of his Government in the matter was part of their policy to give away nothing in China proper while they were being obstructed by the Chinese over Manchuria. If recognition of Manchukuo passed off quietly, and the Chinese accepted it presently with sufficiently good grace, he thought that his Government would be much more accommodating over other questions in China itself. He warned me most earnestly, however, that if the Council concluded the agreement at the present time in disregard of Japanese objections, he was afraid that trouble might be made by his people locally.

4. I then asked him if the application of the agreement to the western district only would meet with the same objections. To my surprise he replied that, although he could not yet answer for his Government, he thought the idea was a good one, and he was prepared strongly to recommend it to them. I said that, in that case, I would sound the Chinese on the suggestion, but I was afraid that objections would now come from their side.

5. I approached the Chinese in due course, and had a long conversation with the mayor on the 13th instant. In fact, he had asked me to lunch for the purpose, the only other persons present being Messrs. J. K. Choy and O. K. Yui, the Chinese negotiators of the agreement. I told the mayor frankly of the position, and said that I could not advise the Council to ignore the Japanese objections in view of the serious warnings which I had received from the Chargé d'Affaires and the consul-general that trouble would ensue, but I urged that as a beginning the agreement should be applied to the western district only. If it proved a success there—as I was sure it would—the Japanese residents would presently themselves be asking for its application to their own areas.

6. After some consideration, he said that it was impossible. It would be too obvious a submission to Japanese intimidation, and would be regarded as an admission that the Japanese had special rights in the northern district amounting almost to a Japanese concession. The mayor said he would prefer, for the time being, to continue negotiations over details, which would, in any case, have to be thrashed out when the agreement came into force.

The signature of the agreement itself could be left until a change in the political situation had modified the Japanese objections. He seemed to think that this might come about sooner than we expected.

7. I do not yet know what are the reasons for his belief, but, curiously enough, Mr. Murai said the same thing to me shortly afterwards. He indicated that Japanese local opinion was coming round to the view that the proposed agreement was not so bad provided a sufficient Japanese element was included in the Special Police, and he hinted that he might presently be able to persuade his Government to take the same view. Much the same thing was said to the chairman of the Council by one of the Japanese councillors.

8. I think therefore, and the Council agree with me, that we had better follow the mayor's advice, and, while keeping negotiations alive, postpone the conclusion of the agreement to a more suitable moment.

I have, &c.,  
J. F. BRENNAN

No. 708

*Mr. Murray<sup>1</sup> (Rome) to Sir J. Simon (Received September 27)*

*No. 768 [F 6997/1/10]*

ROME, September 23, 1932

Sir,

I have the honour to report that the formal recognition by Japan of the new State of Manchukuo has re-awakened Italian interest in the Manchurian situation. Generally speaking, the press has maintained a very guarded and non-committal attitude. Dr. Gayda,<sup>2</sup> for instance, in an obviously inspired article in the '*Giornale d'Italia*' of the 18th instant, confines himself to giving an objective account of the course of events and to emphasising the international significance of the Far Eastern situation for the Great Powers, Italy included. He also insists that the Manchurian problem can and must be discussed by all the Powers concerned, and that hasty decisions must not be taken until the examination of the Lytton Report has been completed.

2. There is now, moreover, a considerably greater readiness to criticise Japanese policy than during the earlier stages of the Manchurian crisis. For instance, the '*Resto del Carlino*' says that the conclusion of the Lytton Report can only be that Japanese action in Manchuria implies a violation of the Nine Powers' Treaty, the Kellogg Pact and the League Covenant. Japan's thesis was not only juridically untenable but also extremely dangerous, because so extensive an exercise of the 'right of defence' on foreign territory practically amounted to the 'right of conquest'. The '*Resto del Carlino*' concludes, however, that a simple return to the *status quo* is extremely unlikely, and possibly also undesirable. On the other hand, the League of

<sup>1</sup> Counsellor in H.M. Embassy at Rome.

<sup>2</sup> Italian journalist and editor of the *Giornale d'Italia*.



Nations and the United States must not content themselves with ineffective juridical formulae, but they must actively seek a new and practical solution reconciling principles with the demands of reality.

3. It may well be that the conclusions of Dr. Gayda and the 'Resto del Carlino' will prove to coincide with those of the Government. This is to a certain extent confirmed by a story recently told me by Reuter's correspondent. It seems that, after the recognition of Manchukuo, he was instructed to report the Italian 'reaction', and sent a telegram to the effect that the ordinary Italian tended to sympathise with Japan where, as in Italy, an expanding population occupied a limited space. He added a paragraph, however, about the Italian Government being neutral. For this he was rather sharply taken to task by an official of the Press Bureau, on the grounds that the message might tend unfavourably to affect Italian trade with China. (Italian exports to China during 1931 were under 1½ million pounds at par). It was shortly afterwards that Dr. Gayda produced his almost ponderously neutral article referred to above. It is, therefore, perhaps significant that the Palazzo Chigi<sup>3</sup> should be restraining the natural tendency of Fascists to cheer on the 'dynamism' of Imperial Japan; and additional evidence is afforded in support of the view that the Italian Government are deeply disturbed by the course of events at Geneva, and do not wish to do anything at the moment which would strengthen the disruptive tendencies at present visible within the framework of the League of Nations.

I have, &c.,

JOHN MURRAY

<sup>3</sup> i.e. the Italian Ministry of Foreign Affairs.

#### No. 709

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 212 Telegraphic [F 6837/552/10]*

FOREIGN OFFICE, *September 24, 1932, 12.10 p.m.*

Your telegram No. 694<sup>1</sup> (of September 17: Salt Administration, supersession of Mr. Pearson).

Though the Chinese are of course within their rights in superseding Pearson I think that in the circumstances you would be justified in using very plain language to the Minister of Finance. You should ascertain Mr. Pearson's views and provided he makes no objection you might write privately to the Minister of Finance pointing out that Mr. Pearson's supersession removes from the Head Quarters of the Salt Administration the last of the nationals interested in the foreign obligations secured on the Salt revenues and to a great extent deprives the Administration of that International character which is so important in the interests of justice and fair play; that it is well known that Mr. Pearson is a person of the highest

<sup>1</sup> No. 693.

character and ability who has served the Chinese Government with conspicuous loyalty and devotion for some 18 years; that his supersession, besides being an act of gross injustice, can only be interpreted as an unfriendly act towards Great Britain and that finally such action is peculiarly ungracious in view of the fact that the successful reorganisation of the Salt Administration was a brilliant service rendered to China by a British subject. Apart from that the efficiency of the Salt Service is important in Chinese interests and ill-treatment of its capable members can only result in ruining it.

Should Mr. Pearson fear that a written protest might damage his interests you might seek an early opportunity of speaking to the Minister of Finance in the above sense instead.<sup>2</sup>

<sup>2</sup> In his telegram to the Foreign Office No. 734 of September 26, Mr. Ingram said that Mr. Pearson was on mission in Szechuan (cf. No. 693, note 1) and impossible to get at but he would speak to the Minister of Finance in the sense indicated.

### No. 710

*Mr. Osborne (Washington) to Sir J. Simon (Received September 25, 9.30 a.m.)*  
*No. 388 Telegraphic [F 6970/1/10]*

WASHINGTON, September 24, 1932, 1.58 p.m.

My telegram No. 386,<sup>1</sup> paragraph 3.

Associated Press report from Paris says, according to information 'from a high official quarter', French view of status of Manchuria is virtually identical with American i.e. with Stimson doctrine, but that this view is not the result of recent Paris conversations.<sup>2</sup>

Reports from Tokyo say that Japanese press declares Senator Reed has secured French support against Japan on terms referred to in my telegram under reference. . . .<sup>3</sup>

<sup>1</sup> Volume IV, No. 108.

<sup>2</sup> Senator D. A. Reed of Pennsylvania, Chairman of the Military Affairs Committee of the U.S. Senate, had recently visited Paris; see *F.R.U.S. 1932*, vol. iv, pp. 239-40, 265.

<sup>3</sup> A paragraph dealing with the German situation is omitted.

### No. 711

*Mr. Ingram (Peking) to Sir J. Simon (Received November 14)*  
*No. 1236 [F 7981/1/10]*

PEKING, September 24, 1932

Sir,

I have the honour to inform you that His Majesty's Consul General at Mukden telegraphed to me on the 20th September that he had received a request from Mr. Shaw of Antung<sup>1</sup> for his signature to the latter's

<sup>1</sup> Cf. No. 380, note 5.

application to the Antung Customs for an Inland Waters Certificate in respect of his steamer 'Shinyu'. As Mr. Shaw wished to clear the vessel on the morning of September 22nd, Mr. Eastes urgently requested my instructions as to whether he could sign this application to the *de facto* Manchukuo authorities.

2. In view of the fact that if business is to be carried on at all in Manchukuo, it is obvious that His Majesty's Consular Officers must have dealings with the *de facto* Customs authorities and as this moreover is the principle on which we have always acted in recent years of civil war, I authorised Mr. Eastes to sign the application.

I have, &c.,  
E. M. B. INGRAM

No. 712

*Mr. Ingram (Peking) to Sir J. Simon (Received November 21)*

*No. 1251 [F 8102/1/10]*

PEKING, September 24, 1932

Sir,

With reference to my despatch No. 1107<sup>1</sup> of August 25th I have the honour to inform you that the report of the League of Nations Commission of Enquiry into the Sino-Japanese dispute in Manchuria, was signed unanimously in Lord Lytton's room at the German Hospital here about 8.30 a.m. on September 4th, and that the members of the Commission left Peking the same day for Europe.<sup>2</sup>

2. The Commission were labouring almost up to the moment of their departure to complete the Report, and even then I understand that the chances of their being able to leave by the date arranged were considerably jeopardized owing to difficulties which arose at the eleventh hour over some of the most important questions of principle as well as fact to be pronounced on in the report. In this respect the French member, General Claudel, proved unexpectedly intransigent and time and again during the last ten days prior to the report's signature, the remaining members were compelled in the interests of unanimity to make considerable sacrifices so far as clarity and plain speaking were concerned. Lord Lytton himself spent a sleepless night before the morning of signature undergoing a 'crise de conscience' and was with difficulty dissuaded by his colleagues from adding at the last minute a reservation to the effect that, I gather, the Report in its final form did not sufficiently stress the fact that Manchukuo was but the artificial creation of the military party in Japan.

3. Immediately after the signing of the Report Lord Lytton accompanied by his secretary, the Honourable W. W. Astor, Count Aldrovandi,<sup>3</sup> and General and Mrs McCoy<sup>4</sup> left for Shanghai in Marshal Chang Hsueh-liang's

<sup>1</sup> No. 631.

<sup>2</sup> Cf. No. 654.

<sup>3</sup> The Italian member of the Commission.

<sup>4</sup> Major-General F. R. McCoy was the U.S. member of the Commission.

private aeroplane. They arrived there the same afternoon, and on the following day, September 5th, left for Europe in the Lloyd Triestino s.s. 'Gange'. The French and German members of the Commission, General Claudel and Doctor Schnee, also left Peking on September 4th, proceeding to Europe by the trans-Siberian route.

I have, &c.,  
E. M. B. INGRAM

**No. 713**

*United Kingdom Delegate (Geneva) to Foreign Office (Received September 28)*  
*No. 262 [F 7035/1/10]*

GENEVA, *September 26, 1932*

The British Delegate to the League of Nations presents his compliments, and has the honour to transmit copies of the under-mentioned document.

*No. and Date*

Memorandum by Sir John Simon.  
23rd September, 1932.

*Subject*

Record of a conversation with M. Nagaoka regarding the Japanese attitude towards the Lytton Report.

ENCLOSURE IN NO. 713

*Memorandum by Sir J. Simon*

GENEVA, *September 23, 1932*

M. Nagaoka called this morning to enquire what would be our attitude to the request made by Japan to the Council of the League<sup>1</sup> that, after the Lytton Report and its annexes had been received, a period should be allowed for the Japanese Government to prepare its observations on the Report and to have these observations brought to Geneva, and that the Council should not enter upon the examination of the Report before it had received Japan's observations. M. Nagaoka said that four weeks would be needed for the study of the Report and the preparation of Japan's observations and two weeks for transport. In addition, he wanted another week to provide against possible accidents or delays. Supposing that the Report was received by the members of the Council on September 30th, this would make the interval he asked for run to November 17th.

I enquired whether he had mentioned this matter to others and he told me that the Secretary-General appeared to regard the request as reasonable, but said that it would be much more convenient to have a date fixed for future consideration of the Report rather than to leave this at large. He had

<sup>1</sup> For this request of September 14 see *L/N.O.J.*, November 1932, p. 1860.

also spoken to M. Herriot<sup>2</sup> who had expressed the view that Japan's request was reasonable. I said that I had not had any opportunity of learning the opinion of other members of the Council, but that, speaking for myself and as a matter of personal impression, I too thought the suggestion was reasonable.

In the course of our conversation M. Nagaoka twice referred to rumours in the press of recent conversations with Senator Reed<sup>3</sup> and said that his Government would be much interested to know what had transpired. I observed that rumours in the press were not always well founded and that my own meeting<sup>4</sup> with Senator Reed had been limited to a general conversation over a cup of tea. So there was really nothing which I could tell him and I thought sensational descriptions in the press were better discounted.

J. S.

<sup>2</sup> French President of the Council and Minister for Foreign Affairs and representative on the Council of the League of Nations.

<sup>3</sup> Cf. No. 710.

<sup>4</sup> See No. 674, note 2.

## No. 714

### *Memorandum by Mr. Orde*

[F 6884/7/10]

FOREIGN OFFICE, September 26, 1932

There has been fighting in the past year between the Chinese and Tibetans of a more serious nature than the usual frontier skirmishes. The Chinese have had the advantage and, though there is reported to be a complete cessation of hostilities at the moment, there seems some prospect of their pressing on into Outer Tibet which we recognise as autonomous. We recently tentatively offered mediation<sup>1</sup> and, though the offer has been declined by the Chinese, the India Office want us, in pursuance of a request from the Dalai Lama that we should intervene, to approach the Chinese again in order to stave off the apprehended further advance. The arguments for doing so seem strong.

A brief recapitulation of past history is necessary for the understanding of the position.

The Younghusband Expedition into Tibet in 1904 was made necessary by the consistent unfriendliness of the Tibetans under Chinese influence. It resulted in better relations between India and Tibet, and the Convention<sup>2</sup> concluded was confirmed by the Chinese in a Treaty with us in 1906.<sup>3</sup> In 1907 a Self-Denying Ordinance as regards Tibet was concluded between Russia and ourselves.<sup>4</sup> This had the effect of leaving Tibet open to the

<sup>1</sup> See No. 648.

<sup>2</sup> Signed at Lhasa on September 7, 1904; see *B.F.S.P.*, vol. 98, pp. 148-51.

<sup>3</sup> Signed at Peking on April 27, 1906; see *ibid.*, vol. 99, pp. 171-2.

<sup>4</sup> i.e. The Convention relating to Persia, Afghanistan, and Tibet, signed at St. Petersburg on August 31, 1907; see *ibid.*, vol. 100, pp. 555-9.

Chinese alone; they soon seized their opportunity and entered Lhasa, driving out the Dalai Lama, who fled to India where he was well-treated and became a convinced friend. In 1911, as a result of the revolution in China, Chinese authority in Tibet collapsed and Indo-Tibetan relations became markedly friendly. It became clearer than ever that bad feeling between India and Tibet was due solely to Chinese influence. In order to stabilise this situation tri-partite negotiations took place in 1913 and 1914 which resulted in the initialling of a Convention<sup>5</sup> which was disavowed by the Chinese but was recognised as binding between India and Tibet. It provided for the division of Tibet into Outer Tibet, which was to be autonomous under Chinese suzerainty, and Inner Tibet, in which the Tibetans were to have their old rights (unspecified except as regards religious authority). Though refusing to accept the Convention, the Chinese Government gave an assurance that they would not advance against the Tibetans unless attacked by them, pending a settlement by negotiation at some future date. They declared that the greater part of the Convention was acceptable, but that they could not accept the provisions relating to the boundary. At the same time they expressed the earnest hope that H.M. Government would continue in their original intention to act as mediator between China and Tibet.

After fighting in 1918 the Tibetans were left in possession of much of the disputed territory, and in 1919 the Chinese offered a boundary for Outer Tibet<sup>6</sup> which we regarded as equitable and which we promised to do our best to induce the Tibetans to accept. The Chinese, then, however, drew back and refused to proceed with negotiations,<sup>7</sup> and we were obliged to inform them in 1921 that we could no longer delay recognising Tibet as an autonomous State under the suzerainty of China.<sup>8</sup> The Chinese were at the same time informed orally that we should consider ourselves free to give the Tibetans any reasonable assistance they might require in the development and protection of their own country. This was duly promised to the Tibetans, who were informed that they would be permitted to import on payment munitions in instalments at adequate intervals, provided that they gave an assurance in writing that such munitions would be used solely for self-defence and for internal police work. The Chinese, in reply to our communication to them, promised to take the matter up again as soon after the Washington Conference as possible,<sup>9</sup> but they have never done so.<sup>10</sup>

Our commitments to Tibet and the interests of India in Tibet are such as seem to outweigh the possible disadvantages of acting as the India Office desire. The Chinese will no doubt be displeased, but they have gone so far in the past in recognising our interest in Tibet and our role as mediator

<sup>5</sup> i.e. the Simla Convention of July 1914; see First Series, Volume VI, No. 420, note 4.

<sup>6</sup> For the Chinese proposals of May 1919, see *ibid.*, No. 453, note 2.

<sup>7</sup> See *ibid.*, No. 479.

<sup>8</sup> See First Series, Volume XIV, Nos. 367-9.

<sup>9</sup> See *ibid.*, No. 372.

<sup>10</sup> These last six words are added in pencil on the filed copy of this typescript memorandum.

that they would find it difficult to put up a plausible case. Japan may argue that our actions in regard to Tibet are similar to her own actions in regard to Manchuria, but we should have a good answer to any such argument.<sup>11</sup>

The telegrams in F 6950/7/10<sup>12</sup> from the Political Officer in Sikkim, who is at present in Lhasa, show that tri-partite negotiations with the Chinese for a settlement of the boundary and other questions may possibly follow. On these we await the views of the Government of India and the India Office. In the meantime, the matter of immediate importance is to try to stave off the apprehended advance of the Chinese into Outer Tibet.

I submit that we should telegraph to Peking as suggested by the India Office. A draft telegram,<sup>13</sup> in which we should get their concurrence, is attached.

C. W. ORDE

<sup>11</sup> Cf. Second Series, Volume IX, No. 635.

<sup>12</sup> This communication from the India Office has not been preserved in Foreign Office archives.

<sup>13</sup> Not printed. For the telegram as despatched see No. 720 below.

### No. 715

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received September 27, 9.30 a.m.)*  
*No. 368 Telegraphic [F 7005/451/10]*

TOKYO, September 27, 1932, 1.25 p.m.

My telegrams Nos. 356<sup>1</sup> and 359.<sup>2</sup>

I have now received official letter signed by Manchukuo Minister for Foreign Affairs enclosing copies of these two communications. I have not replied nor so far as I know have any of my colleagues except French who has replied in the same manner as before, see last paragraph of my telegram No. 313.<sup>3</sup>

Although there can presumably be no question of any action implying recognition, British interests may suffer if Manchukuo Government is offended and it seems worth considering whether His Majesty's Consul-General at Harbin should not follow French example in the present instance.<sup>4</sup>

Spanish Minister when he enquired some days ago of Japanese Ministry of Foreign Affairs meaning of circular telegram from Manchukuo Government was referred to that<sup>5</sup> for explanation and I doubt Japanese Government

<sup>1</sup> No. 685.

<sup>2</sup> Cf. No. 692, note 2.

<sup>3</sup> No. 556.

<sup>4</sup> Mr. Ingram supported this proposal in his telegram No. 743 of September 28 to the Foreign Office. On September 29, in telegram No. 219 to Peking, Sir J. Simon said that he saw 'no objection to His Majesty's Consul General informing Manchukuo authorities orally and informally that these communications have been received and forwarded to His Majesty's Government'.

<sup>5</sup> This word has been crossed out on the filed copy of the telegram and the two following alternatives suggested: 'S. of S', 'that Govt.'

being willing to pay the same attention to representations from this Embassy regarding British interests in Manchuria in future as before recognition took place.

Repeated to Peking.

**No. 716**

*Sir J. Simon to Mr. Ingram (Peking)*  
*No. 216 Telegraphic: by wireless [F 6947/1/10]*

FOREIGN OFFICE, *September 27, 1932, 3 p.m.*

Your telegram No. 434<sup>1</sup> (of July 3rd. Suggested withdrawal of a British battalion from Shanghai).

War Office state that 1st Battalion Lincs. will leave Shanghai for Hong Kong about September 30th. Garrison at Hong Kong will thus be temporarily increased to four battalions until beginning of November, when 2nd Battalion Argylls will go to Shanghai to relieve 1st Battalion Wiltshires. Latter will then be withdrawn from China.

<sup>1</sup> No. 504.

**No. 717**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received November 1)*  
*No. 520 [F 7725/1/10]*

TOKYO, *September 28, 1932*

Sir,

I have the honour to inform you that reports received in this country of two recent events—the troubles in Tibet and the abandonment by Great Britain of the mandate over Iraq<sup>1</sup>—have been eagerly seized upon by certain sections of the Japanese press, and have been twisted to convey to the reading public a similarity with the case of Manchuria which they do not possess.

2. The subject of Tibet has figured in the newspapers chiefly in the form of telegrams from correspondents in Shanghai and Tientsin, but the 'Tokyo Asahi' has also published an article from a contributor, dealing in the main with the recent history of Tibet and referring to the alleged assistance of British arms in establishing the independence of that country. One of the telegraphic reports referred to alleges that all the officers in the Tibetan army

<sup>1</sup> In a communication dated November 4, 1929, H.M.G. had informed the Council of the League of Nations of their decision to recommend the admission of Iraq to the League in 1932 (see *L/N.O.J.*, February 1930, pp. 74-75, 142-3) and on June 30, 1930, a Treaty of Alliance had been signed at Baghdad between the United Kingdom and Iraq to come into force upon admission of Iraq into the League of Nations (see *B.F.S.P.*, vol. 132, pp. 280-4). Iraq was duly admitted to the League on October 3, 1932 (see *L/N.O.J.*, *S.S. No. 104*, pp. 48-50).



were trained in England and that the equipment of the arsenal at Lhasa, which is expediting the manufacture of arms and ammunition, follows British models. It adds that observers in Peking are said to agree that the Dalai Lama, with the support of Great Britain, will certainly succeed in re-establishing the great Tibetan Empire of former days. A similar report printed in the 'Osaka Asahi' referred to the fact that in the schools Tibetan and English were being taught, while the use of Chinese was abolished. Whatever it was in name, Tibet was in reality becoming a British possession.

3. The subject is dealt with more fully in the enclosed article<sup>2</sup> from the 'Japan Chronicle' which states, among other things, that there has been in the treatment of the question by the Japanese Press an obvious attempt to show that Great Britain was doing in the West exactly what Japan has been doing in Manchuria.

4. Dealing with the subject of Iraq, the 'Tokyo Asahi', on the 27th instant, made use of exceedingly naive arguments in arriving at the conclusion that the League of Nations ought to accord to Manchukuo the same treatment as to Iraq. It is worth quoting at some length from the translation of the article as published by the 'Japan Times', which is substantially correct:

'Critics must be expected to contend sooner or later that Japan, by her agreement with Manchukuo, is placing herself in a position of control and they will question the justice of Japan's right to maintain troops there . . .<sup>3</sup> but such criticisms will lose much of their force as the result of the League's decision to admit Iraq to membership. . . . It was in consideration of the earnest desire for independence on the part of the people of Iraq that Great Britain entered into an agreement a few years ago promising assistance in connection with Iraq's entry into the League, and stipulating at the same time for the joint defence of the country with sufficient British forces stationed within that territory. . . . The League of Nations, with full knowledge of the nature of the Anglo-Iraq agreement, has now approved the entry of Iraq into membership as an independent power. . . . Such recognition is ample justification for the Japan-Manchukuo protocol; and from the point of view of the future relations between Japan and the new State, the League of Nations' decision in the case of Iraq is a matter for rejoicing. . . . It will invalidate any criticisms which America and League supporters may make against the protocol signed between Japan and Manchukuo.'<sup>4</sup>

I have, &c.,

F. O. LINDLEY

<sup>2</sup> Not printed.

<sup>3</sup> Punctuation here, and throughout this paragraph, is as in the original quotation.

<sup>4</sup> A minute on the file by Mr. J. C. Sterndale Bennett, a member of the Eastern Department of the Foreign Office, reads: 'The Iraqi analogy is certainly distorted, but I have for some time past wondered whether the Japanese have not, in fact, been deliberately taking our relations with Iraq as a kind of model for adaptation to Manchuria. J. C. Sterndale Bennett Nov. 14.'

No. 718

*Mr. Ingram (Peking) to Sir J. Simon (Received November 4)*

*No. 1246 [F 7788/1/10]*

PEKING, September 28, 1932

His Majesty's Chargé d'Affaires, Peking, presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and transmits herewith three copies of the undermentioned paper

*Name and Date*

*Subject*

Despatch from His Majesty's  
Consul-General, Shanghai.

Recognition of Manchuria by  
Japan.

No. 327 of 19.9.32.

ENCLOSURE I IN No. 718

*Sir J. Brenan to Mr. Ingram*

*No. 327*

*Confidential*

SHANGHAI, September 19, 1932

Sir,

I have the honour to enclose an interesting memorandum<sup>1</sup> by Mr. Vice-Consul G. V. Kitson, describing the reactions of the local Chinese population and press to the recognition of Manchukuo by Japan. I would only add that the complete absence of violent demonstrations shows once more that the Chinese authorities, even in their present disorganized state, can control the anti-foreign emotions of the populace when they consider it advisable. The necessary inducement has been provided in this case by the much advertised readiness of the Japanese armed forces to take drastic action on any threat to local Japanese interests, and the Japanese military authorities are doubtless congratulating themselves on the success of their policy of the 'big stick'.

2. Mr. Akira Ariyoshi, the new Japanese Minister to China, returned my call today, and had some interesting comments to make on the general situation. He said that General Chiang Kai-shek was, for the time being, confining himself to combatting the communist menace in Central China, and was leaving the task of dealing with the Japanese and Manchurian situation to the Cantonese members of the Nanking Government; the idea being to saddle the Cantonese element with the odium incurred thereby. According to Mr. Ariyoshi, Mr. Lo Wen-kan, the Cantonese Minister for Foreign Affairs, was, however, adopting a comparatively friendly attitude towards Japan. On the other hand, the Cantonese faction who were not in office were loudly urging the Nanking authorities to take positive action against Japan with the sole intention of embarrassing their opponents in domestic politics.

<sup>1</sup> Not printed.

3. With regard to the fresh civil war which has just broken out in Shantung—most inopportunistically for China's propagandists who would like to present to the world a picture of China united in resistance to Japanese aggression—Mr. Ariyoshi said that according to his reports, General Liu Chen-nien was being backed by Marshal Chang Hsueh-liang, with the approval of General Chiang Kai-shek, against the independent ruler of Shantung, General Han Fu-chu. In fact, Mr. Ariyoshi's general conclusion was that disturbances in the North, including the vicinity of Peking and Tientsin, might be expected in the near future.

4. In respect to local affairs, the Japanese Minister referred to my conversation with Mr. Yano on the subject of the extra-Settlement roads agreement—please see my despatch No. 320<sup>2</sup> of the 7th instant—and was good enough to say that he concurred in the arguments I had advanced. He said that he, personally, approved of the proposed agreement and had strongly recommended its acceptance to his Government. He added that he hoped to receive fresh instructions in the course of a few days, withdrawing the Japanese objections. I gather, however, that the number and rank of the Japanese to be employed in the Special Police will still be a matter for negotiation.

I have, &c.,  
J. F. BRENNAN

<sup>2</sup> See No. 679, note 3.

## No. 719

### *Memorandum by Mr. Beckett<sup>1</sup>*

[F 7421/1/10]

FOREIGN OFFICE, September 28, 1932

The Nine Power Treaty signed at Washington on February 6th, 1922, (annexed, paper 1),<sup>2</sup> provides:

'Article 1. The Contracting Powers other than China agree (1) to respect the sovereignty, independence and the territorial and administrative integrity of China; (2) to provide the fullest and most unembarrassed opportunity to China to develop and maintain for herself an effective and stable Government; (3) . . . ;<sup>3</sup> (4) to refrain from taking advantage of conditions in China in order to seek such rights or privileges which would abridge the rights of subjects or citizens of friendly States, and from countenancing action inimical to the security of such States.

'Article 2. The Contracting Powers agree not to enter into any treaty, agreement, arrangement or understanding either with one-another or

<sup>1</sup> Second Legal Adviser in the Foreign Office. This memorandum was prepared in response to Sir J. Simon's request for a note explaining why Japan's action was a breach of the Nine Power Treaty, see No. 674, note 2.

<sup>2</sup> The full text is printed in Cmd. 1627 of 1922, No. 11.

<sup>3</sup> Punctuation as in the original quotation.

individually or collectively with any Power or Powers which would infringe or impair the principles stated in Article 1'.

2. It may be admitted that at the time when this Treaty was concluded the whole of China was by no means administered and governed by one strong and centralised Government. In particular, Manchuria was governed by Marshal Chang Tso-lin, who certainly enjoyed a considerable measure of practical independence, even if he acknowledged allegiance to the Central Government of China. The expressions, therefore, in the Treaty with regard to the sovereignty and territorial and administrative integrity of China must be read in the light of the circumstances which then existed. It must also be admitted that the Treaty contains no guarantee by the Powers against any alteration in the state of the Government of China as it then existed. It is clear that the obligations on the Powers were to leave China and the Chinese free to work out their own destinies in their own way. If it should have happened that Manchuria had, without any interference by any other Power, and by the unaided efforts of its own people, established its own complete independence of the Central Government of China, there was certainly nothing in the Treaty to oblige the other Powers to assist the Central Government of China in regaining control over this province. It may perhaps also be admitted that if Manchuria, having established her independence by this means, proceeded to consolidate her position, and in the course of time it had become clear that not only was she a well-established *de facto* independent State, but also that there was no reasonable probability of the Central Chinese Government regaining control, and the circumstances were such as would certainly justify the recognition of a new State under the ordinary principles of international law, nothing in this Treaty could be held to prevent the Powers parties to it merely from recognising this state of facts.

3. All the facts of the case are perhaps at present not fully known, and I presume that His Majesty's Government would base themselves on the facts as found by the Lytton Report, which has not yet appeared.

If the Lytton Report should show that the movement in Manchuria, against Marshal Chang Hsueh-liang and in favour of complete independence from China, was engineered and assisted by the Japanese Government, and by Japanese troops, then there would be no doubt that Japan would have broken her obligation to respect the sovereignty, independence and territorial and administrative integrity of China (Article 1 (1)), and also her obligation to provide the fullest opportunity to China to develop and maintain for herself an effective and stable Government. (Clearly the Treaty covered the existing régime in Manchuria under Marshal Chang, father or son, as part of the 'administrative integrity' of China (Article 1 (1)).

4. There is equally clearly a breach of Article 1 of the Treaty if the Lytton Report should show that, after the independence movement in Manchuria had begun, its success against Marshal Chang and other authorities who owed allegiance to the Central Chinese Government was due to the assistance which it received from Japanese troops and Japanese officials, and that the

Japanese troops did not confine themselves merely to the protection of the lives of Japanese nationals and their treaty rights in the railway in Manchuria.

5. By a Protocol signed on the 15th September, 1932, (paper 2),<sup>4</sup> Japan not merely recognised the independence of Manchuria as a separate State, but also entered into an engagement with the new State under which Japan bound herself to protect with her armed forces the national security of the new State, and obtained the right to station such troops as she thought necessary for this purpose in that country. The effect of this obligation is that Japan has undertaken to protect the new State of Manchuria against any attempt by China, whether the Central Government or its former ruler, Marshal Chang, to regain control of this territory.

6. While the case against Japan upon the grounds discussed in paragraphs 3 and 4 above may depend on the facts as established by the Lytton Report and therefore to [*sic*] be yet unproved, it seems almost impossible to contest that this Treaty obligation is an arrangement which is contrary to Article 2 of the Nine Power Treaty, since it is a treaty with another Power (*viz.* the new State of Manchuria) which certainly is in conflict with the sovereignty and territorial and administrative integrity of China (Article 1 (1)), and with the obligation to provide the fullest and most unembarrassed opportunity to China to develop for herself an effective and stable Government, (Article 1 (2)). This seems to me to be the clearest and most indisputable part of the case against Japan.

7. Further, the recognition of the new State would certainly appear to have been premature in accordance with the ordinary principles of international law, seeing that, but for the Japanese assistance, there is every reason to doubt whether the new State could maintain itself. It is impossible to say that, *without this assistance which Japan has now pledged herself to give*,<sup>5</sup> the new régime in Manchuria showed on the 15th September sufficient signs of permanence, and that it would be unlikely that Marshal Chang or some other authority in China would not succeed in overthrowing it and restoring some form of Chinese control and sovereignty. It must therefore, I think, be regarded as a premature and unjustified recognition, and therefore contrary to the obligations of Japan under Article 1 Nos. (1) and (2).

<sup>4</sup> See No. 686.

<sup>5</sup> The words here in italics were underlined on the filed copy.

## No. 720

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 221 Telegraphic [F 7050/7/10]*

FOREIGN OFFICE, *September 29, 1932, 7.30 p.m.*

Correspondence ending with Government of India's telegram No. 2139<sup>1</sup> of 25th September. Tibet.

<sup>1</sup> This telegram, and Government of India's telegram No. 2105 of September 22, gave details of the Tibetan Government's proposals to Colonel Weir, British Political Officer in Sikkim, for a Sino-Tibetan settlement and his comments thereon.

Question of mediation for a settlement is under consideration. In the meantime it appears important to do what we can in response to Tibetan government's appeal to prevent advance of Chinese troops into Outer Tibet and to make representations as soon as possible in view of possibility of advance on Chamdo reported in Chungking telegram No. 10 to Peking.<sup>2</sup>

Subject to any observations which you may have to offer it appears desirable, notwithstanding cold reception of our recent approaches, to communicate with Chinese government without delay on the following lines. It should be made clear to them that we are interested in securing for Tibet a reasonable settlement of the present dispute. They should be reminded of the nature of the British interest in Tibet, i.e. the maintenance of the integrity and autonomy of Outer Tibet and of an effective Tibetan government able to maintain peace and order in the neighbourhood of the frontiers of India and the adjoining States and free from the influence of any foreign Power (excluding China from that term). They should be reminded further of the past offers of His Majesty's Government to mediate in the boundary dispute (reference might usefully be made to the general desire for our good offices expressed in Chinese note of June 29th 1914)<sup>3</sup> and of the communication addressed to the Chinese government on August 26th 1921<sup>4</sup> and should be given to understand in such language as may appear most suitable that if China should challenge the autonomy of Outer Tibet or appear to threaten the integrity of the country by an advance on Chamdo or otherwise His Majesty's Government would be bound to take a most serious view of the matter.

If you have any observations please telegraph without delay. It may be desirable that you should deal with the matter personally and I hope on this ground that your projected visit<sup>5</sup> may not be delayed.

As regards Colonel Weir's presence in Lhasa we consider it desirable to take an opportunity of informing the Chinese authorities of it informally while avoiding any implication that we regard the visit as standing in need of justification to the Chinese government. He will of course use his influence in the interests of peace.

<sup>2</sup> This telegram of September 5 was repeated to the Foreign Office in Peking telegram No. 635 of September 6; not preserved in Foreign Office archives.

<sup>3</sup> See First Series, Volume VI, No. 420, note 4.

<sup>4</sup> See First Series, Volume XIV, No. 368; cf. Volume IX of this Series, No. 635, note 3.

<sup>5</sup> Mr. Ingram left for Nanking and Shanghai on October 4 and arrived back in Peking on October 28. Mr. Holman was in charge of H.M. Legation during Mr. Ingram's absence.

No. 721

*Mr. Ingram (Peking) to Sir J. Simon (Received September 30, 7.30 p.m.)*  
*No. 745 Telegraphic: by wireless [F 7110/5851/10]*

PEKING, September 30, 1932

My immediately preceding telegram.<sup>1</sup>

Our three military Attachés point out (a) any scheme for neutrality is impracticable unless negotiated well in advance of hostilities (b) scheme would have to ensure that area involved should be kept free from regular military of both sides, that no military forces be allowed in area or allowed to pass through or above it until termination of period of neutrality and that troops already in the area including their headquarters be removed. Area neutralized should be excluded from any act of war including bombing or observation from aircraft (c) area to be neutralized should be restricted to walled city of Peking including Chinese and Tartar cities and Legation quarter. Any extension of area beyond these limits would interfere with normal railway and other communication of Chinese government and could not be properly protected by local Chinese police now available who should however be sufficient for area proposed (d) inside Legation quarter Japanese guard should be withdrawn and protection of the quarter left to remaining Legation guards (e) outside the quarter maintenance of law and order should be left entirely to local Chinese police. Chinese authorities should guarantee that Japanese nationals inside the area but outside the quarter should be free from molestation of any kind and should be evacuated into diplomatic quarter only on request of diplomatie corps (f) International Commission should be set up on lines of Shanghai negotiations to designate zone, to watch its observance and decide when arrangement should be terminated.

Repeated to Tokyo and Commander-in-Chief.

<sup>1</sup> In this telegram, No. 744 of September 29 (received in the Foreign Office on October 1 at 9 a.m.), Mr. Ingram replied to Sir J. Simon's telegram No. 209 (No. 704): the gist of his reply is in No. 734 below, paragraphs 2-4.

No. 722

*Mr. Ingram (Peking) to Sir J. Simon (Received October 1, 9.30 a.m.)*  
*No. 751 Telegraphic: by wireless [F 7100/1/10]*

PEKING, September 30, 1932

Following received from Harbin No. 95 of September 28th.

Addressed to Peking, repeated by post to Mukden, Newchwang, Dairen.

My telegram No. 85,<sup>1</sup> last paragraph.

My Russian colleague informs me that on September 27th all Manchukuo troops stationed between Manchuli and Chalandun revolted and declared

<sup>1</sup> This Harbin telegram to Peking has not been traced in Foreign Office archives.

for Government at Nanking. Manchukuo flags were hauled down and Japanese military police at Manchuli were arrested and at other stations all Manchukuo officials, both Japanese and Chinese, were arrested. Some Japanese are reported to have been killed.

No. 723

*Mr. Osborne (Washington) to Sir J. Simon (Received October 13)*

*No. 1492 [F 7373/1/10]*

WASHINGTON, September 30, 1932

Sir,

With reference to the despatch No. 115 of July 29th last from His Majesty's Consul General at Mukden to His Majesty's Chargé d'Affaires in Peking,<sup>1</sup> copy of which you were good enough to send me under cover of your despatch No. 1198<sup>2</sup> (F 6630/1/10) of the 15th instant, reporting that Mr. George Bronson Rea was proceeding to Geneva as the unofficial representative of the Manchukuo Government, I have the honour to report that this gentleman was recently announced in the press to have arrived in the United States on his way to Europe. According to an article in the 'San Francisco Chronicle' Mr. Rea, when interviewed by correspondents, expressed the opinion that had the United States been confronted with the same situation as Japan in Manchuria last year, she would have done identically what Japan has done 'and in words of one syllable would have told the rest of the world where to go.' The new state, he said, does more to guarantee the peace of Asia and the security of the Far East than anything else. Its right to exist independently is the same right which the Allied Powers accorded to Czechoslovakia, Poland and other independent states in Europe. The new Manchurian state is Japan's best defence against invasion from Soviet Russia. Militarism in China is madder than it has ever been and Communism is rampant. Three million men are under arms and unpaid and two million more have turned bandit. Russia has quietly taken possession of Mongolia and no protest was raised by the Powers. Yet some of these very Powers have been the first to assail Japan for doing in Manchuria what the Soviet did in Mongolia. Meanwhile Russia has built the two largest munition factories in the world, one just over the Siberian border, and is double-tracking a railroad to Vladivostok. She is working feverishly to make herself the mightiest armed power in the world. Japan will conduct, in the interests of her own national defense, the broad policy of the Manchukuo Government; she has an investment of one thousand million gold yen to protect there. But to talk of Japan freezing out other powers from the economic development of the new state is unwarranted. Japan will maintain an open door in Manchukuo and some day will open the door to Mongolia. Give Manchukuo a few years of peace and the United States will be able to sell her much of the

<sup>1</sup> No. 562.

<sup>2</sup> See *ibid.*, note 5.



steel required for 10,000 miles of railroad. Great highway networks are to be built and the United States will furnish 80% of the automobiles, oil and grease. If the Japanese want to go in for mechanized farming, as they do, the United States will sell them the agricultural machinery. The policy of the United States should favour the Japanese entering Manchuria and Mongolia. And 'if there is to be a racial war some day, let it be between the Japanese and the Slavs, but don't send our boys over there to be slain.'

I have, &c.,

D. G. OSBORNE

No. 724

*Memorandum by Mr. Orde<sup>1</sup>*

[F 7421/1/10]

FOREIGN OFFICE, September 30, 1932

*Recognition of Manchukuo by His Majesty's Government*

The general legal principles which apply in connection with the recognition of a new State or Government are indicated in the following quotation from a minute by Mr. Beckett.

'Whether a given régime is or is not the Government of a country is a question of fact to be decided by the application of certain principles of international law. These principles are that any régime which in fact exercises the required degree of control over the country is the Government of that country. In the event of the régime being a new one, i.e. succeeding a previous one by unconstitutional or revolutionary means, it is also necessary that its control should give evidence of stability and permanence.'

The special considerations relating to Manchukuo which arise from the Nine Power Treaty, by which we are bound, are described in the preceding memorandum by Mr. Beckett.<sup>2</sup>

It is clear that the moment has not yet arrived when H.M. Government could recognise Manchukuo. Supposing the necessary conditions already described to have been, in due course, fulfilled, we shall have to bear in mind the offence we shall give to China, where our interests are much greater than in Manchuria, if we recognise Manchukuo, and the American doctrine adopted by the League in the Assembly Resolution of March 11th, 1932,<sup>3</sup> in the following words:

'Declares that it is incumbent upon the members of the League of Nations not to recognise any situation, treaty or agreement, which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris.'

<sup>1</sup> This memorandum was prepared in response to Sir J. Simon's request for a paper on 'the pros and cons of recognition of Manchukuo', see No. 674, note 2.

<sup>2</sup> No. 719.

<sup>3</sup> Cf. No. 67, note 3.

It will depend on the contents of the Lytton Report, and the view taken of it by the Assembly, whether this principle will debar H.M. Government from recognising the Manchukuo Government, but it seems clear that it is a principle which may lead to very inconvenient practical results. Supposing that the creation of an independent Manchuria is found to have been brought about by means contrary to the Covenant or the Pact of Paris, and that its independence is nevertheless maintained, all ties with China severed and a permanent new State established which fulfils all the ordinary conditions for recognition, are we to be forever debarred from recognising it? An absurd situation would result, and our trade interests in Manchuria might suffer seriously and permanently. The U.S. Government have, in the past, got themselves into serious difficulties of this kind in dealing with revolutionary Governments in Central America.

It may be true, as argued by Mr. Fitzmaurice in the attached extract of a minute<sup>4</sup> on the Stimson doctrine, that it merely states an already existing principle, but there seems to be an important difference in practical effect between a general legal principle, lying dormant as it were, under contractual relations, and a formal statement of the principle, such as Mr. Stimson in his note,<sup>5</sup> and the Assembly in their Resolution, have issued. The general principle can be applied or silently disregarded in accordance with common-sense necessities; this is by no means so easy when it is formally stated as an obligation in relation to a particular situation.<sup>6</sup>

C. W. ORDE

<sup>4</sup> Not printed.

<sup>5</sup> Presumably that of January 7; cf. No. 49, note 7.

<sup>6</sup> In a minute dated October 4, relating to this memorandum and No. 719, Mr. G. Mounsey said that from practically every point of view except that of the comparatively unimportant British interests in Manchukuo, there appeared to be advantage in delaying the decision as to recognition as long as possible. Sir R. Vansittart commented that 'there can surely be no question of our recognising Manchukuo in any visible future. This is at present inconceivable both on the ground of obligation and expediency. R. V. Oct. 5.' These minutes were initialed by Sir J. Simon on October 10.

## No. 725

*Mr. Patteson (Geneva) to Sir J. Simon (Received October 3, 10 a.m.)*  
*No. 82 Saving. Telegraphic [F 7113/1/10]*

GENEVA, October 1, 1932

Following from Mr. Cadogan.

The Committee of Nineteen of the Special Assembly met this morning, at the request of the Chinese Delegation to consider its future procedure.

It decided, on the proposal of the Chairman,<sup>1</sup> that as soon as the Council forwards the Lytton report with its observations thereon to the Assembly, the Committee of Nineteen will meet and recommend to the Assembly to fix

<sup>1</sup> i.e. of M. Hymans, President of the Committee.

a limit for the agreed extension<sup>2</sup> of the six months' period provided for in the Covenant.

The Chinese Delegation had also asked that the Committee of Nineteen should once more urge the Japanese Government not to take advantage of the postponement in order to aggravate the situation. The President said that he was sure the Committee would desire to associate itself with the regret expressed by the President of Council<sup>3</sup> on September 24th that the Japanese Government should, at a moment when the Lytton report had not yet been considered, have recognised and concluded a treaty with the Manchukuo Government. M. Hymans suggested that the most suitable procedure for the Committee to follow would be to associate itself with Mr. de Valera's words, and forward a copy of its procès-verbal<sup>4</sup> to both parties.

After a short discussion in which the representatives of Czecho-slovakia, Switzerland and Sweden took part, this was unanimously agreed.

<sup>2</sup> An extension had been agreed by the Council of the League of Nations at its meeting on September 24; see *L/N.O.J.*, November 1932, pp. 1730-4. Cf. No. 713.

<sup>3</sup> i.e. by Mr. de Valera, President and Minister for External Affairs of the Irish Free State; see *L/N.O.J.*, *op. cit.*, p. 1731.

<sup>4</sup> Printed in *L/N.O.J.*, *S.S. No. 111*, pp. 15-18.

#### No. 726

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received October 3, 12.45 p.m.)*

*No. 372 Telegraphic [F 7123/1/10]*

TOKYO, October 3, 1932, 7.25 p.m.

My telegram No. 371.<sup>1</sup>

My impression is that report is more unfavourable to Japanese thesis than was expected but general condemnation of report was inevitable and need not be taken too seriously.

For the moment it looks as if report would not affect Japanese policy one way or another and that real question is how report is treated at Geneva.

Repeated to Peking.

<sup>1</sup> This telegram of even date (received 9.30 a.m.) said that the 'Japanese press whilst commending historical chapters of Lytton report unanimously opposes solution on lines recommended'.

#### No. 727

*Mr. Ingram (Peking) to Sir J. Simon (Received October 4, 9.40 p.m.)*

*No. 756 Telegraphic: by wireless [Confidential/Telegrams/53/268]*

PEKING, October 3, 1932

Your telegram No. 221.<sup>1</sup>

On my arrival in Nanking on 6th October I propose to seek first favourable

<sup>1</sup> No. 720.

opportunity of discussing whole question with Minister for Foreign Affairs personally in accordance with your instructions.

(Repeated by despatch to mission and Chungking.)

**No. 728**

*Mr. Osborne (Washington) to Sir J. Simon (Received October 5, 9.30 a.m.)*

*No. 401 Telegraphic [F 7184/1/10]*

WASHINGTON, October 4, 1932, 7.33 p.m.

Lytton Report.

State Department is reported as refraining strictly from comment on report pending study. Editorial writers in the Press seem generally to have been very favourably impressed by its impartiality and by the sensible nature of its recommendations if Japan could be induced to accept them.

**No. 729**

*Sir J. Simon to Mr. Ingram (Nanking)*

*No. 79 Tour. Telegraphic [F 7188/7/10]*

*Immediate*

FOREIGN OFFICE, October 5, 1932, 7.30 p.m.

Addressed to Peking, repeated to Government of India No. 15.

My telegram No. 221<sup>1</sup> (Sino-Tibetan situation).

Government of India telegrams Nos. 2185<sup>2</sup> and 2190<sup>3</sup> seem to show that Chinese troops are now making a further advance upon Outer Tibet. It is therefore important that you should lose no time in communicating with the Chinese Government as indicated in my telegram under reference.

2. In doing so, you should point out that the advances which Chinese troops are now reported to have made in the direction of Jazamka and Riwoche, and the threatening character of the messages which appear to have been received by the Tibetan officers at those places, both of which are well within the boundaries of Tibet proper, threaten a violation of the territory of Outer Tibet, and that it is impossible for His Majesty's Government to disinterest themselves in the face of a deterioration in the situation which cannot fail to prejudice the eventual conclusion of peace. You should then press the Chinese Government to issue urgent orders to their forces to advance no further in the direction of Riwoche, to withdraw forthwith from Outer Tibet if they have entered it, and to desist from hostilities pending negotiations for a settlement of the dispute.

3. Until the attitude of the Chinese Government towards your representations has been ascertained, it would be useless to consider in detail Colonel

<sup>1</sup> No. 720.

<sup>2</sup> Of September 28: copy not preserved in Foreign Office archives.

<sup>3</sup> Of October 1, not printed.

Weir's proposals for the mediation of a permanent settlement of the boundary question. In making your representations, however, you should add that His Majesty's Government are convinced that the Dalai Lama and the Tibetan Government are sincerely desirous for peace, and for a permanent settlement of this question, and that His Majesty's Government are quite prepared to employ their good offices and their influence to bring about a meeting of representatives of the Chinese and Tibetan Governments for negotiations to those ends.

4. If you have already acted on the instructions in my telegram under reference, you should make further urgent representations on the lines of the two preceding paragraphs.

**No. 730**

*Mr. Patteson (Geneva) to Sir J. Simon (Received October 7)*

*No. 87 Saving. Telegraphic [F 7233/1/10]*

GENEVA, October 5, 1932

Following from Mr. Eden.

I had a conversation with Monsieur Nagaoka this evening. It is evident that the Lytton report has had no influence upon the Japanese. Monsieur Nagaoka argued that it stated a compromise suggested by the Japanese last October. There was no basis for discussion with the Chinese since the latter would not recognise Manchukuo, and the Japanese had expended too much in blood and treasure to return to the *status quo* of last autumn.

**No. 731**

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received November 7)*

*No. 532 [F 7831/1/10]*

TOKYO, October 5, 1932

Sir,

As you are aware, the question of colonising Manchuria with Japanese has been much to the fore during the last few months, and I have the honour to transmit herewith a cutting from the 'Japan Advertiser'<sup>1</sup> reporting the departure of 450 men from the north-eastern part of Japan for the Province of Kirin. It will be observed that this party is organised on military lines and it is evident that it is part of a plan to follow the example of the Romans and the Russians who planted military colonies on the frontiers of their Empires.

2. It will be seen further that General Araki, the Minister of War, who received the farmers before their departure, made one of his usual excursions into politics and expressed the opinion that Japan would not be diverted from her policy towards Manchukuo by the recently published Lytton Report.

<sup>1</sup> Not reproduced.

3. Mr. Butler, His Majesty's Consul in Tokyo, happened to discuss the question of Japanese immigration to Manchuria a few days ago with Mr. Nagayama, the President of the Oriental Development Company, who expressed the opinion that there was no prospect of a large influx of Japanese settlers into that district. The severity of the climate and the low standard of living of the Chinese constituted, in his opinion, two obstacles which, coupled with the superior industry of the Chinese farmer, would prevent any immigration on a large scale. He continued that, even in Korea, agricultural immigrants remained comparatively few, though the lethargic habits of the Koreans afforded good opportunities to the Japanese. Mr. Nagayama added that he thought the plan of introducing colonies of armed reservists into Manchuria a mistake; since it would probably result in a repetition, on a larger scale, of the incidents which did so much to make Japanese rule in Korea unpopular in the years following the establishment of the Protectorate.

I have, &c.,

F. O. LINDLEY

No. 732

*Mr. Holman (Peking) to Sir J. Simon (Received November 24)*

*No. 1281 [F 8197/16/10]*

PEKING, October 5, 1932

Sir,

With reference to my despatch No. 1048<sup>1</sup> of August 15th, I<sup>2</sup> have the honour to report that the private secretary to the Acting Director of the Aviation Bureau recently informed Mr. Holman that the Chinese Government had decided to take no further action with regard to the engagement of a British military aviation mission. It had originally been hoped to set up an aviation school at Nanking for advanced training simultaneously with the establishment of the American Aviation School at Hangchow (see my despatch No. 811 of July 5th)<sup>3</sup> which was primarily for the instruction of beginners; and it was for this reason that the Chinese Government had in the first place approached the Legation regarding the question of a British mission. It had however now been decided that as a matter of economy the American school should undertake both the elementary and the advanced training and it remained to be seen whether this arrangement would prove successful.

2. In the course of this conversation Mr. Holman gained the impression that the estimate submitted by the Air Ministry for the cost of a British military air mission as set forth in your telegram No. 111 of June 8th [6th]<sup>4</sup> was not regarded as excessive in comparison with what the American Aviation School is costing. In the absence of more definite information on the subject I am unable to comment upon this point, but I am instructing the Commercial Counsellor at Shanghai to furnish me with all available information upon the American Aviation School and its cost to the Chinese Government, on receipt of which I hope to submit a further report.

<sup>1</sup> No. 610.

<sup>2</sup> i.e. Mr. Ingram.

<sup>3</sup> See No. 400, note 2.

<sup>4</sup> No. 400.

3. Meanwhile I fear that in present circumstances it is useless for me to pursue the matter of a British aviation mission any further, although I shall continue to maintain close contact with the aviation authorities at Nanking in the hope that it may be possible to revive the scheme at some later date.

I have, &c.,

ADRIAN HOLMAN

(*In the absence of H.M. Chargé d'Affaires*)

No. 733

*Record by Mr. Craigie of a conversation with the  
Japanese Ambassador*

[W 11051/10/98]

FOREIGN OFFICE, October 5, 1932

M. Matsudaira called to-day to inform me of the reply he had received from his government to the telegram which he had sent after our previous interview on the subject of naval disarmament.<sup>1</sup> He said that his government did not at present feel in a position to enter upon any wide discussions relating to naval strength, etc; they were studying the whole question and might be prepared to make proposals on this question at a later stage.

As regards the particular points mentioned in our last interview, namely, the question of a reduction in the size of the various types of warships, M. Matsudaira said that the views of his government were as follows: They would be prepared to agree to reductions in displacement to the following levels:

Capital Ships	. . . . .	25,000 tons with 14" guns.
'A' Cruisers (by which he understood cruisers armed with 8" guns)	. . . . .	8,000 tons
'B' Cruisers	. . . . .	6,000 tons with 6.1" guns.

As regards aircraft carriers, the Japanese Government would like to see their complete abolition, provided that there were a simultaneous prohibition of the fitting of landing platforms on other types of ship—it would of course be useless to abolish the aircraft carrier if the fitting of a flying-off deck on other ships were to remain permissible. The Japanese Government were very concerned at the developments in the United States navy which, it was reported, was making arrangements for the use of an ever increasing quantity of aircraft on cruisers, not merely by increasing the size of the flying-off deck, but also by new devices which would render it possible to carry a larger number of aircraft with the existing size of flying-off deck. He had rather gathered from our last interview that the British Government did not share the Japanese Government's apprehensions on this point.

<sup>1</sup> See No. 625.

Turning to submarines, the Ambassador said that his government remained absolutely opposed to the abolition of this type of craft.

Taking first the question of the aircraft carrier, I said I did not think the Ambassador would be right in assuming that the British Admiralty would view with equanimity any considerable increase in the number of flying-off decks on cruisers or any considerable increase in the numbers of aircraft which could be carried by cruisers. This was not, I thought, the case, although there was always the possibility that, if the cruiser were to be constructed with an eye mainly to the carrying of a larger number of aircraft, she would be neither a good cruiser nor a good aircraft carrier. This was, however, a technical question, which might profitably be discussed directly between experts.

Mr. Matsudaira said he was very glad to learn that we ourselves might view with concern any development in the use of the flying-off deck, and he hoped very much that we would go one step further and join with the Japanese Government in pressing for the abolition, not only of the aircraft carrier, but of the flying-off deck.

I then told the Ambassador I was frankly disappointed at what he had told me in regard to Japan's attitude on qualitative naval disarmament. It seemed to me that to all intents and purposes Japan remained on this point where she was at the London Naval Conference,<sup>2</sup> whereas it seemed to me important that those Powers which considered that progress could be made rather by means of reduction in the size of units than by reduction in numbers should be able to put up something more arresting and drastic than a reduction by 2" in the calibre of the capital ship gun. If Great Britain were to agree to a 14" gun, it would be necessary to demand a displacement which would certainly be in excess of 30,000 tons, and the whole world would laugh Japan and Great Britain out of court if they solemnly proposed such ridiculously small reductions on existing capital ship restrictions.

The Ambassador replied that the Japanese Admiralty felt that they had an advantage in being able to sacrifice to a greater extent than European Powers the space devoted to the comfort of men and they did not see why they should not take advantage of this fact and build—as Japanese constructors perfectly well could—a ship of 25,000 tons armed with 14" guns.

I replied that this was absolutely out of the question so far as we were concerned and that, as we could not possibly join the Japanese Government in recommending a 14" gun for the reason I had given, the only hope lay in Japan ultimately joining us in recommending a 12" gun. I reminded His Excellency that the principle of the 12" gun had been accepted by France and Italy under the agreement of March 1st, 1931,<sup>3</sup> and I believed that the United States Government were not themselves irrevocably opposed to the 12" gun although they desired a higher displacement than 25,000 tons. I was not clear how Japan would be more secure if all capital ships were armed with 14" guns than she would be if they were all armed with 12" guns.

<sup>2</sup> Of 1930; see Volume I of this Series, Chapter III.

<sup>3</sup> See *ibid.*, pp. 470-2.



The Ambassador then pointed out that by proposing a reduction in B cruisers to 6,000 tons they were going one better than we had gone.

I said that this was all to the good but that in present circumstance I did not think there was the slightest hope of securing the assent of the United States and France to so drastic a reduction and that 7,000 tons seemed a much more practicable proposition. As regards A cruisers, I believed it would be easier to secure international agreement for their complete abolition than for their reduction to 8,000 tons displacement.

M. Matsudaira did not believe that the United States Government would ever agree to the abolition of this type of cruiser. He expressed the personal view that if the Americans did agree to its abolition, this might make a considerable difference at Tokyo.

Proceeding to speak privately and unofficially, the Ambassador said that it was difficult to get the Japanese naval authorities to give much attention to this matter at the moment as their attention was largely concentrated on Manchuria. Moreover, there was now much talk of Japan's retiring, not only from the League of Nations, but also from the Disarmament Conference, and this did not produce an atmosphere favourable to constructive discussion of such questions.

I replied that I could not see how, even if Japan took the regrettable step of withdrawing from the League, this necessarily implied withdrawal from the Disarmament Conference.<sup>4</sup> In any case, if Japan took the latter step she would have to bear the whole onus of its failure.

I thanked the Ambassador for having given me such a clear statement of the Japanese views and their attitude towards our proposals of last July, and hoped that subsequent consideration might enable the Japanese Admiralty to approach rather more closely to our position.<sup>5</sup>

R. L. CRAIGIE

<sup>4</sup> For general correspondence relating to the Disarmament Conference at this period, see Volume IV of this Series.

<sup>5</sup> In a minute of October 7 to this Record, Mr. Craigie wrote: 'I detected a greater rigidity in the attitude of the Japanese Ambassador on this question than I have done in earlier conversations extending now over a number of years.'

#### No. 734

#### *Memorandum communicated to Mr. Atherton*<sup>1</sup>

[F 7112/5851/10]

FOREIGN OFFICE, October 5, 1932

Sir John Simon has now received through His Majesty's Embassy at Washington a copy of the State Department memorandum<sup>2</sup> on the steps to be taken in the event of Sino-Japanese hostilities in the neighbourhood of Peking which formed the subject of his conversation with Mr. Atherton on

<sup>1</sup> On October 11, see note 7 below.

<sup>2</sup> See No. 704, note 1.

September 19th last.<sup>2</sup> It will be remembered that this question was discussed in Peking on the 3rd August last by the representatives of the United States, France, Italy and the United Kingdom who agreed<sup>3</sup> to recommend that their respective Governments, if and when military activities extended south of the Wall, should make joint representations at Tokyo and Nanking for the purpose of obtaining, if possible, an undertaking from the Chinese and Japanese Governments to respect the diplomatic quarter. The question has been considered again by the Representatives in Peking in the light of the observations contained in the State Department memorandum and especially in relation to the suggestion that, if and when hostilities appear imminent, proposals should be made to China and Japan that they immediately enter into an agreement for the complete neutralisation during the period of hostilities of the City of Peking, including an area with, say, a ten mile radius from the walls. The technical aspects of the question were also referred to the United States, French and British Military attachés whose joint views have been communicated to the diplomatic representatives.<sup>4</sup>

His Majesty's Chargé d'Affaires states<sup>5</sup> that he and his colleagues consider that the proposal in theory is excellent but they feel that it bristles with so many difficulties as to render it very difficult to put into practice. They doubt whether either the Chinese or the Japanese would trust one another sufficiently to conclude a gentleman's agreement for such a zone and if it were proposed by a third party that party would then be asked by one side, if not by both, to offer guarantees for its observance. The utmost that the foreign representatives could do would be to set up a Commission to which either side could refer reported infringements of the zone on the analogy of the Shanghai joint commission and with approximately similar powers. Any commitment as to policing the zone would be out of the question nor could the Legation guards undertake responsibility for the safety of life and property of Chinese or Japanese outside the Legation neighbourhood.

The question of the Japanese Legation guard would also present great difficulties. It is most unlikely that they would consent to leave Peking and they have moreover a perfect right to police the Legation quarter. It might however be just possible, if a general diplomatic zone were once accepted by both parties, to obtain an assurance from the Japanese guard that once their nationals were removed to safety their activities should be strictly confined to operations in the quarter under orders of the senior commandant.

While it is just possible that the Japanese might consider that the scheme would be in line with their well known predilection for demilitarised zones, it is doubtful whether they would renounce the advantage inherent in the element of surprise by even discussing further steps before they strike. Mr. Ingram and his colleagues consider that the greatest difficulty lies in the necessity of initiating negotiations well in advance of the imminence of danger—a point on which all the military experts are insistent—and they still think that the only course lies in joint representations at Tokyo and

<sup>2</sup> See Nos. 582-4.

<sup>4</sup> See No. 721.

<sup>5</sup> In Peking telegram No. 744 of September 29; cf. No. 721, note 1.

Nanking on the lines recommended by them to their respective Governments on the 3rd August.

Sir John Simon agrees with the views above expressed. In particular he is of opinion that it would be undesirable to open discussions with either the Chinese or the Japanese Governments unless and until the danger of hostilities spreading south of the Great Wall has become actual and imminent. In view of the opinions expressed by the military experts, Sir John Simon is of opinion that representations should in that event be on the lines previously recommended by the Representatives of the interested powers at Peking. He understands that the State Department have already on the 11th August last<sup>6</sup> expressed to His Majesty's Chargé d'Affaires at Washington their concurrence in this view.<sup>7</sup>

<sup>6</sup> See No. 600.

<sup>7</sup> In a minute on the file Mr. Mounsey wrote: 'I handed the memo. to-day to Mr. Atherton who said he thought his Govt's views coincided with ours in regard to this. At any rate they contemplated no action unless there were signs of hostilities approaching this area. G. M. 11.10.32.'

### No. 735

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received November 7)*

*No. 533 [F 7832/1/10]*

TOKYO, October 6, 1932

Sir,

With reference to my despatch No. 520<sup>1</sup> of September 28th I have the honour to report that the Japanese press continues to show an interest in the question of Tibetan independence and to draw comparisons between Tibet and Manchuria.

2. The 'Osaka Mainichi' on September 30th published, in a very prominent place on its front page, a telegram from its Nanking correspondent to which it gave the heading 'Misfortunes never come singly to the Chinese Government', stating that the Nanking Government had received reliable information that Great Britain had supplied large quantities of arms and ammunition to the Dalai Lama in connection with the independence movement, which left no room for doubt that Britain was pulling wires in the background. The message stated further that, in view of the stand that China has taken towards Japan in connection with the independence of Manchukuo, the Chinese Government ought to protest to Great Britain and the League of Nations against Tibetan independence, but if they did so they would be faced with Japan as an enemy in the East and Great Britain in the West. This would put China in an extremely awkward position, and therefore she would avoid a head-on collision with Great Britain by endeavouring to settle the matter by direct negotiation with that country.

3. A member of my staff considers it not unlikely that more will be heard

<sup>1</sup> No. 717.

of these alleged points of similarity between Tibet, Iraq and Manchuria, judging from the leading questions put to him yesterday in a conversation which he had with a prominent Japanese publicist, who takes an intelligent interest in international politics. He assumed that, under the new Treaty with Iraq,<sup>2</sup> Great Britain would reserve the right to station troops there for purposes of defence and would control the foreign policy of the country, which was exactly what Japan wished to do in Manchuria. It was pointed out to him that there was the all-important difference that Great Britain had hitherto exercised a mandate over Iraq and was now according her independence. Asked whether he believed that Japan, supposing she had been given a mandate over Manchuria, would grant her independence ten years later, the Japanese gentleman referred to stated that she would certainly not do so.

I have, &c.,  
F. O. LINDLEY

<sup>2</sup> See *ibid.*, note 1.

### No. 736

*Sir F. Lindley (Tokyo) to Sir J. Simon (Received October 7, 9 a.m.)*

*No. 374 Telegraphic [F 7236/1/10]*

TOKYO, October 7, 1932, 12.10 p.m.

My telegram No. 372.<sup>1</sup>

My impression is that in spite of bluster in the press and by Minister of War the country is much less excited than it was some months ago and that those who have misgivings regarding Japanese policy and fear of consequent isolation are increasing steadily in numbers and influence.

Nevertheless the army is still master of the situation and there is no sign at present that it will be unable to carry the country with it in refusing to modify its Manchurian policy. Before such modification is possible a severe internal crisis in Japan will have to be passed.

In these circumstances it seems the wisest course to go as slowly as conditions permit.

*Confidential.* United States Ambassador entirely agrees with above views.<sup>2</sup> Repeated to Peking and Nanking.

<sup>1</sup> No. 726.

<sup>2</sup> Cf. *F.R.U.S.* 1932, vol. iv, p. 717.

### No. 737

*Mr. Ingram (Nanking) to Sir J. Simon (Received October 8, 9 a.m.)*

*No. 355 Tour. Telegraphic: by wireless [F 7267/1/10]*

NANKING, October 7, 1932

In discussion of Lytton Report the Minister for Foreign Affairs stated that Chinese reaction was on the whole favourable, the most difficult point being

the question of two advisory committees to be selected<sup>1</sup> by Chinese and Japanese respectively. Chinese committee was to be locally selected and permanent.<sup>2</sup> So long as Japanese military were in occupation of Manchuria it would be impossible for any locally elected committee to be truly representative of Chinese population; moreover if China's sovereignty were recognised only a committee selected by Nanking would meet the point. Minister for Foreign Affairs said that of course he had not yet had time either to form any considered opinion on the Report nor to assess popular reaction to it. This could not be done until the whole report had been translated. He much appreciated however the spirit of sincerity and helpfulness which animated it. He confessed to a certain disappointment that no judicial verdict on the question of responsibility for events of and since September 18th had been forthcoming, but quite realised that the future was more important than the past.

In reply to his enquiry as regards tactics for China to employ, I said I could only offer personal opinion that China would be ill-advised to take up towards recommendations any attitude from which she might find its subsequently difficult to recede. There seemed to me to be no necessity at this stage either for the Waichiaopu or Chinese press to adopt an uncompromising tone. Finally Minister for Foreign Affairs agreed that an ultimate solution could only emerge after a considerable lapse of time and through direct negotiations between the parties, if possible with neutral observers and that no useful purpose would be served by showing their hand too soon and thereby prejudice the chance of such negotiations.

Repeated to Tokyo and Peking.

<sup>1</sup> It was suggested by Mr. Orde that this passage should read: 'two delegates to the advisory conference to be selected . . .'.  
<sup>2</sup> This word was queried on the filed copy.

#### No. 738

*Mr. Ingram (Nanking) to Sir J. Simon (Received November 22)*

*No. 133 T.S. [F 8120/7/10]\**

NANKING, October 8, 1932

His Majesty's Chargé d'Affaires at Nanking presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs and has the honour to transmit to him copies of minutes of interviews<sup>1</sup> at Nanking on the 6th and 7th October respecting Sino-Tibetan affairs.

<sup>1</sup> Telegraphic summaries of these interviews had been sent to the Foreign Office in Nanking telegrams Nos. 353 and 357 Tour, received on October 8 and 10 respectively.

*Minute of Interview respecting Tibet<sup>2</sup>*

NANKING, October 6, 1932

In the course of my interview this morning with the Minister for Foreign Affairs I told him that there was one serious matter which I had to discuss with him, namely, the situation which had recently arisen in Tibet owing to the invasion of Outer Tibet by Chinese troops.<sup>3</sup> I recalled to Dr. Lo the background of the whole situation, referring specifically to articles 2 and 3 of the Simla Convention and to the note of the 1st May, 1914, in which the Chinese Government formally notified His Majesty's Government that although unable to agree to the convention as it stood they accepted it in principle except for the boundary clause. Attempts had subsequently been made to reach agreement on this vexed question of the boundary and finally in 1919 an official proposal was made by the then Chinese Minister for Foreign Affairs which seemed to offer reasonable hope of equitable settlement of the whole question. Events, however, in Shantung and Japanese propaganda had prevented this hopeful move from coming to anything and the whole matter had remained in abeyance ever since. The result was friction in the areas of the boundary where hostilities had continued on and off during the past few years. This was an eminently unsatisfactory situation and without going into the rights and wrongs of who attacked who and when, I could not conceal from him that the mere existence of hostilities in this area was bound to cause the Government of India and His Majesty's Government concern. Recently, however, matters had developed and a far more serious situation had arisen. Chinese troops were advancing well within Outer Tibet, thereby violating the integrity and autonomy of an area which although under Chinese suzerainty China had undertaken to respect both in the Simla Convention and in her subsequent declaration above referred to. Chinese troops were advancing on Chamdo. This locality even under the Chinese proposals of 1919 for a boundary settlement was well within the area which China proposed should be considered as part of Outer Tibet. Not only that, but Chinese troops were penetrating from Kokonor and Jyekundo towards Riwoche, yet further within the confines of Tibet proper. While I reminded Dr. Lo Wen-kan that the Government of India fully respected China's suzerainty over Tibet proper they could not but view with the utmost concern this violation of territory whose integrity China had agreed to respect and unless something were done promptly to stop the hostilities I was very much afraid that a really serious situation would arise. It seemed to me that this was hardly the moment when China could afford to violate the territorial integrity and autonomy of one area while in another area, namely, Manchuria, she was appealing to the League of Nations against similar violation. It might be possible to argue that the two cases were not on

<sup>2</sup> This interview is referred to in note 3 to No. 635 in Volume IX.

<sup>3</sup> Cf. No. 720.

all fours but a similarity of principle was involved and I begged him to lose no time in causing these hostilities, so far as the Chinese troops were concerned, to be abandoned. For our part, we now had Colonel Weir on a visit to Lhasa, and I could assure him of our good offices in endeavouring, through Colonel Weir, to bring about an armistice. Once hostilities had ceased then we might even proceed to consider some arrangement for effecting a final solution of the boundary problem.

Dr. Lo maintained that he knew practically nothing about recent developments there. The former president of the Executive Yuan, Dr. Wang Ching-wei, had several times expressed concern over what was happening in that area, but Dr. Lo had been so preoccupied over the Sino-Japanese crisis and the Noulens case<sup>4</sup> that he had failed to devote proper attention to the matter and must confess he had left it entirely in the hands of Dr. Wang Ching-wei. He said that while he could not bind himself to anything without first consulting the chairman of the Mongolian and Tibetan Committee (which he promised to do to-morrow morning) he hoped that it would be possible to ease the situation. He also appeared quite sympathetic to the idea of tackling the boundary problem itself. Before leaving the subject I reminded Dr. Lo once again of the seriousness of the situation and the necessity for prompt action. I said that I did not wish to embarrass him by writing a note on the subject, but that unless something could be done promptly to cause a cessation of hostilities I should be forced to address a note to him which, from my instructions, I was afraid might be couched in strong language. He must not deduce from my reluctance to embarrass him that the situation was not as serious as I had outlined to him; I was prompted merely by goodwill towards him and China and by a strong feeling that in the interests of the good relations between our two countries this matter could be amicably cleared up without resorting to more formal methods. In this Dr. Lo heartily concurred. He promised that he would see the chairman of the Mongolian and Tibetan Committee to-morrow morning, and although he had two conferences on the Lytton Report which were likely to take up most of his time both morning and afternoon, he would try and arrange a further meeting to-morrow, when we could go into the matter in greater detail after he had been able to discuss the situation with his own people and ascertain facts.

It should be added that Dr. Lo made a brief reference to the threatened outbreak of hostilities between Liu Hsiang and Liu Wen-hui in Szechuan,<sup>5</sup> which, he said, might add to the complications of an already difficult situation.

E. M. B. I.

<sup>4</sup> Cf. No. 615, note 2.

<sup>5</sup> Liu Wen-hui was nominally chairman of the Provincial Government, with headquarters at Chengtu, while his nephew, Liu Hsiang, was nominally Rehabilitation Commissioner for Szechuan, with headquarters at Chungking.

*Minute of Interview respecting Tibet*

NANKING, October 7, 1932

Dr. Lo Wen-kan, being engaged all to-day with conference, arranged for Mr. Ingram to be received by Mr. Liu Shih-shan, head of the European Department of the Waichiaopu. The interview took place at 3 p.m., Mr. Ingram being accompanied by Mr. Blackburn.

Mr. Ingram referred to his interview on the previous day with Dr. Lo and enquired whether Mr. Liu had been informed of what had passed. As Mr. Liu's reply was non-committal and it was soon clear that he knew little about the facts of the matter, Mr. Ingram had no alternative but to repeat all the statements and arguments which he had made to Dr. Lo on the preceding day. Mr. Liu was not in a position to argue the case intelligently, but brought out the stock rejoinders that the British were supplying the Tibetans with arms and that the frontier question was a matter of internal Chinese politics. As to the arms Mr. Ingram admitted that arms had been supplied under the terms of an arrangement made in 1921. The arms were supplied solely for defence and internal policing; in so far as the Tibetans had used them in Inner Tibet they had done so in breach of their promise to us, but in so far as they were using them to defend themselves from aggression in Outer Tibet they were acting within their rights. To the statement that the frontier was a matter of internal politics, Mr. Ingram replied that the Chinese had committed themselves to us to a recognition of Tibet's autonomy and integrity and that they were violating a frontier which they had themselves signified to us they were prepared to accept (in 1919) as the boundary of Outer Tibet. He added that he did not want to go into all this ancient history; it was to the interest of everyone including the Chinese that these hostilities should come to an end and that there should be a definite delimitation of the frontier. The first thing was to stop the fighting, and he asked that definite instructions be sent to the Chinese commanders concerned to this end. If the Chinese would undertake to cease hostilities we could almost certainly obtain an undertaking from Lhasa that the Tibetans, on their side, would not attack. We had Colonel Weir in Lhasa now, and could bring influence to bear in the interests of peace. Mr. Liu did not comment on this, but said he would report the interview to the Minister for Foreign Affairs. Mr. Ingram said he hoped he would receive an early reply, as the matter was serious.

Later in the afternoon Mr. Ingram was rung up by Dr. Lo Wen-kan to say that as promised he had spoken that morning to the chairman of the Mongolian Committee, that a full meeting of the committee would be held to-morrow morning and he could promise me that my representations would be given very serious consideration.

A. D. B.  
E. M. B. I.



No. 739

*Mr. Ingram (Nanking) to Sir J. Simon (Received October 10, 9.30 a.m.)*  
*No. 360 Tour. Telegraphic [Confidential/Telegrams/53/269]*

NANKING, October 10, 1932, 2.30 p.m.

My telegram No. 353.<sup>1</sup>

I have just received telephone message from head of department concerned at the Waichiaopu to state that instructions have been sent to Chinese troops to cease hostilities.

(Repeated to India and Peking.)

<sup>1</sup> See No. 738, note 1.

No. 740

*Mr. Ingram (Nanking) to Sir J. Simon (Received October 10, 3 p.m.)*  
*No. 362 Tour. Telegraphic [Confidential/Telegrams/53/269]\**

NANKING, October 10, 1932, 8.20 p.m.

My telegram No. 360.<sup>1</sup>

Head of department concerned at the Waichiaopu<sup>2</sup> has called to confirm that instructions have been sent to Chinese commanders to cease hostilities and make no further advance. He gave me an assurance that it is the policy of the Chinese Government to seek a peaceful settlement of the frontier problem.

I ventured to make personal suggestion<sup>3</sup> that a favourable atmosphere would be created for negotiation of such a settlement if, in Hsikiang area, both sides were to give an undertaking that they would not cross the Yangtze and while in Kokonor area Chinese were to withdraw from Jyekundo, Tibetans giving an undertaking that they would not advance against that place. I made it clear that this would of course be without prejudice to any further settlement of boundary question, as to which His Majesty's Government would be glad to lend their good offices to bring the two sides together. I emphasised that the foregoing suggestion was my own suggestion and was without reference either to India, Lhasa or His Majesty's Government.

Chinese Government are prepared to consider this idea and I should be grateful for an early indication as to whether it is acceptable to other parties and whether I may go ahead.

(Repeated to India and Peking.)

<sup>1</sup> No. 739.

<sup>2</sup> Mr. Liu Shih-shun.

<sup>3</sup> The rest of this sentence is corrupt in places. Mr. Ingram's suggestion is given in more detail in the enclosure to No. 743 below.

**No. 741**

*Sir J. Simon to Mr. Ingram (Peking)*

*No. 822 [F 7191/7/10]*

FOREIGN OFFICE, *October 10, 1932*

Sir,

With reference to the first paragraph of your telegram No. 618<sup>1</sup> of the 2nd September, regarding the supply of arms by the Government of India to the Tibetan Government, I have to inform you that the Chinese Counsellor called on the 4th October and repeated a request which he had made some time previously<sup>2</sup> that he might be given a copy of what he called the 'Treaty' of 1921 between the Government of India and the Tibetan Government.

2. Dr. Chen was informed, in reply, that there was no treaty, only a little correspondence which was not considered suitable for communication to third parties. He was reminded of Lord Curzon's intimation to the Chinese Minister in 1921 to the effect that, unless the Chinese Government were prepared to resume negotiations with Tibet within one month, His Majesty's Government would regard themselves at liberty to give the Tibetans any reasonable assistance they might require in the development and protection of their country. (See Lord Curzon's despatch No. 824 of the 26th August 1921).<sup>3</sup> The Tibetans, it was continued, had been informed subsequently that they would be permitted to import arms in instalments at adequate intervals on payment, on condition that they were used only for police purposes and for self-defence. The Tibetans naturally sought these arms in India rather than in Europe and had to buy them from the Government of India as there was no other source of supply in India. The matter was really akin to the permission which had been given to China herself on occasion to import arms through India or Burma.

I am, &c.,  
(for the Secretary of State)  
C. W. ORDE

<sup>1</sup> No. 648.

<sup>2</sup> See No. 616.

<sup>3</sup> No. 367 in Volume XIV of the First Series.

**No. 742**

*Mr. Eastes (Mukden) to Mr. Ingram (Peking)*<sup>1</sup>

*No. 156 [F 7896/1/10]\**

MUKDEN, *October 10, 1932*

Sir,

In continuation of despatch No. 155<sup>2</sup> of the 7th October, 1932, I have the honour to transmit herewith copy of a further bulletin<sup>3</sup> by the Bureau of

<sup>1</sup> A copy of this despatch was sent to the Foreign Office under Mukden formal covering despatch No. 153 of October 10, received November 9.

<sup>2</sup> Not printed: copy received in the Foreign Office on November 9 under Mukden formal covering despatch No. 152 of October 7.

<sup>3</sup> Not printed.

Information and Publicity of the Ministry for Foreign Affairs, Changchun, reproducing the text of a telegram<sup>4</sup> despatched on the 7th October to the Ministers for Foreign Affairs of the five Powers that furnished commissioners for the League of Nations enquiry regarding Manchuria, and also to the Secretary-General of the League.

2. This remarkable message first advances the claim that in the past seven months the new State of Manchukuo has witnessed (surely it must have required the eye of faith!) 'notable advances in the promotion of the happiness of the inhabitants,' and then proceeds to assert that the actual publication of the report of the commission will naturally stimulate the activities of lawless elements, admitted to be still rampant within the State.

3. I am forwarding copies of this despatch, with its enclosure, to the Foreign Office, to His Majesty's Ambassador at Tokyo, to the Diplomatic Mission at Nanking, and to His Majesty's consular officers at Harbin, Newchwang and Dairen.

I have, &c.,  
A. E. EASTES

<sup>4</sup> For the text, see *F.R.U.S.* 1932, vol. iv, pp. 291-2.

#### No. 743

*Mr. Ingram (Nanking) to Sir J. Simon (Received November 22)*

*No. 138 T.S. [F 8122/7/10]\**

NANKING, *October 11, 1932*

His Majesty's Chargé d'Affaires at Nanking presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit to him copy of a minute of interview at Nanking on the 10th October respecting Sino-Tibetan relations.<sup>1</sup>

ENCLOSURE IN No. 743

#### *Minute of Interview respecting Tibet*

NANKING, *October 10, 1932*

Mr. Liu Shih-shun called at 2 p.m. to-day. Mr. Ingram was accompanied by Mr. Blackburn. Mr. Liu referred to his telephone message earlier in the morning, when he had said that instructions had been issued to the Chinese troops to cease hostilities. He said that he wished to make it clear that such instructions had been issued by the Chinese Government independently and before Mr. Ingram had made his representations, and the issue of the instructions had been confirmed yesterday by reference to the Mongolian and Tibetan Committee. He reaffirmed that instructions had been issued to the respective Chinese commanders to cease hostilities and to make no further

<sup>1</sup> For the telegraphic report of this interview see No. 740.

advance. He added that he wished to assure Mr. Ingram that it was the policy of the Chinese Government to seek a peaceful settlement of the trouble.

Mr. Ingram said that he thought it would be better to go a bit further than this. He pointed out that, according to the information at our disposal, so far as the Hsikang area was concerned, the Chinese troops were all east of the Yangtze, while the Tibetans were all west of that river, though at certain points, such as Tengko, they were facing each other across the river. Further north in Kokonor it appeared that the Chinese troops were advancing southwards from Jyekundo towards Chamdo and/or Riwoche, and a threatening message had been sent to the Tibetan commander at this latter point that, unless he evacuated Riwoche, the Chinese would take Chamdo. Mr. Ingram suggested, therefore, that it would be a good thing if an undertaking could be obtained from both sides that, in respect of the Hsikang area, neither side would cross the Yangtze, while, in the north, the Chinese troops should withdraw to Jyekundo, the Tibetans giving an undertaking that they would not advance on that town. Mr. Liu said that he would refer this suggestion to the Minister for Foreign Affairs.

Mr. Liu said that he had seen a report in the press to the effect that the Dalai Lama had fled from Lhasa, and he enquired whether we had any information. Mr. Ingram replied that he had also seen the report, and that he had at once wired to the Indian Government, from whom he had received a reply to the effect that the story must be regarded entirely as without foundation and was apparently started by certain Tibetans in Calcutta.

A. D. B.

E. M. B. I.

#### No. 744

*Mr. Ingram (Nanking) to Sir J. Simon (Received November 22)*

*No. 141 T.S. [F 8125/7/10]\**

NANKING, October 11, 1932

His Majesty's Chargé d'Affaires at Nanking presents his compliments to His Majesty's Principal Secretary of State for Foreign Affairs, and has the honour to transmit to him copy of a minute of interview of the 11th October at Nanking respecting Sino-Tibetan relations.<sup>1</sup>

ENCLOSURE IN No. 744

*Minute of Interview respecting Tibet*

NANKING, October 11, 1932

Mr. Liu Shih-shun called on Mr. Ingram at 3 p.m. on the 11th October. He said that he had reported to the Minister for Foreign Affairs the suggestion which had been made by Mr. Ingram on the previous day to prevent a resumption of hostilities, and the offer that His Majesty's Government

<sup>1</sup> The telegraphic report of this meeting, drafted on October 11, was not received in the Foreign Office until October 19; see Volume XI, No. 12.

should lend their good offices to bring the Chinese and Tibetans together to enable a settlement of the boundary question to be reached. He was now commissioned by the Minister for Foreign Affairs to say that, while fully appreciating the good intentions of His Majesty's Government in making the proposals, he much regretted that the Chinese Government could not accept them, as they regarded the question as a purely domestic issue.

Mr. Ingram replied that he was very sorry that the Chinese should take up this attitude towards our suggestions. Peace on the frontier was as much in the interests of the Chinese as of the Tibetans, and how else were they going to secure it? Even if they themselves halted the advance of their troops, how were they going to guarantee that the Tibetans would not attack them? He had very much hoped that the Chinese would accept our mediation and that both sides would give undertakings which would prevent a recurrence of hostilities pending a settlement of the frontier question. All he could do was to report the attitude of the Chinese Government to His Majesty's Government, but at the same time he could not pass without remark the statement that this was a matter of purely Chinese domestic interest. However the Chinese might attempt to ignore it now, the fact remained that the Indian Government were also interested in Tibet, and that the Chinese Government had in the past acknowledged as much. He concluded by earnestly warning Mr. Liu once again that, if the Chinese troops continued their advance into Tibet proper, it was bound to lead to a very serious situation.

Mr. Liu said that that was not likely to arise, as the Government had ordered the Chinese forces to cease hostilities. Mr. Ingram said he hoped they would obey those orders; whether or not they would do so remained to be seen.

Mr. Liu, in the course of the conversation, remarked that the Chinese Government were in constant communication with the Dalai Lama.

A. D. B.

E. M. B. I.

No. 745

*The United Kingdom Delegate (Geneva) to the Foreign Office*  
(Received October 14)

No. 306 [F 7409/1/10]

GENEVA, October 12, 1932

The British Delegate to the League of Nations presents his compliments, and has the honour to transmit copies of the under-mentioned document.

*No. and Date*

Lord Cecil, Oct. 8.

*Subject*

Sino-Japanese dispute: conversation with Mr. Wellington Koo.

ENCLOSURE IN NO. 745

GENEVA, October 8, 1932

*Mr. Wellington Koo* asked to see me this afternoon and talked a good deal

about the Sino-Japanese dispute. He said that he thought it of the utmost importance that the powers mainly interested in the Far East should maintain a united front. He repeated this several times, and I asked him what he meant. I said to him that I imagined that the Lytton Report would come before the Council and perhaps also before the Assembly, that they would approve it and take some action upon it and that then it was possible that the Japanese would refuse. What, then, did he contemplate in the direction of a united front? He did not seem to have a very clear idea of what he wanted and I said to him that I thought there would be no difficulty in moral action, but pointed out that without the assent of America and even Russia, anything like economic pressure would be impracticable. He quite assented to that, and seemed to attach much more importance to moral pressure. He wanted a very definite statement by the League that they stood behind the Lytton Report, or something of that kind. I asked him whether he contemplated any special moral pressure, such as excluding Japan from the League or withdrawing Ambassadors or anything of that kind. He said that he thought anything of that kind would be very desirable and would almost certainly make it unnecessary to contemplate any further action. He confirmed to me what I had heard from other quarters, that the power was now in the hands of the younger officers in Japan and that even Araki was not in control. He declared that the Japanese would hold out until they were quite certain that if they held out longer they would be isolated and would lose their position as a Great Power, but that when that was definitely threatened, the older people would insist on a change of policy. This, however, did not seem quite consistent with his view that the policy of Japan was being directed by the younger officers—the kind of men who, he says, have never been punished. He repeated more than once that he thought that the position of Japan was very serious. He then proceeded to discuss the political situation in England and other topics of that kind, and nothing further of interest passed.

I repeated to him more than once that I knew nothing of the policy of His Majesty's Government in this matter and that he must take all my observations as from a private individual.<sup>1</sup>

CECIL

<sup>1</sup> This paper was minuted as follows by Sir J. Pratt, Mr. Orde, Mr. Mounsey, and Sir R. Vansittart, and initialed by Mr. Eden.

'Moral pressure of the kind advocated by Mr. Koo would do infinite harm. It would prevent the growth of those influences in Japan which will eventually take the power out of the hands of the younger hotheads now in control and agree to a reasonable settlement of the dispute with China. J. T. Pratt 18/10.'

'I think it is certain that the only kind of pressure which will do anything but harm is the unspoken kind which may in time strengthen the influence of the moderate thinkers in Japan. C. W. Orde 19/10.'

'I agree. Any of the material forms of pressure, such as Lord Cecil mentions, would have the worst possible effect, and probably remove all possibility of ever applying even the spirit of the Lytton Report to the solution of the situation. G. M. 20.10.32.'

'I agree. R. V. Oct. 20.' 'A. E. Oct. 23.'

*Memorandum by Mr. Orde*

[F 7304/1/10]

FOREIGN OFFICE, *October 12, 1932*

The Report<sup>1</sup> is, beyond question, an admirable survey of the whole situation and its background, and there is nothing of any substance, and practically nothing even of detail which I feel able to criticise. Sir J. Pratt has well summarised the main points,<sup>2</sup> and I do not wish to add anything in this direction. There remains the general question of how the problem is to be handled.

From the practical point of view—that of reaching a settlement—the Report impresses me as being a valuable diplomatic document. I think it is true that to the thoughtful and impartial reader the Report goes far to exonerate Japan, although she must expect some blame for her methods of precipitating the crisis and for the exaggerated political aims which she has pursued. It is not certain that everyone will read the Report in this sense, but I think there is good ground for hoping that no one will be much inclined after reflection to consider Japan to deserve expulsion from the League or to oppose a settlement which gives her substantial satisfaction. Some blame will no doubt have to be meted out, but there is material in the Report for justifying blame to China on account of her general anti-foreign policy, her treatment of Koreans and of Japanese rights, her deliberate building of competitive railways in defiance of her somewhat informal but nevertheless pretty clearly established undertaking not to do so, and her lavish expenditure for this purpose of money which should properly have been devoted to paying off the Japanese loans with which some of the railways were built and, as Sir J. Pratt points out in addition, to maintaining other railways in China south of the Wall which, themselves mainly built with foreign money, were allowed to fall into decay and to default on their obligations.<sup>3</sup>

<sup>1</sup> A copy of the Report of the Commission of Inquiry on Manchuria (*League of Nations*, C. 663 M. 320, 1932, vii) had been sent to the Foreign Office from Geneva on October 1, received on the 3rd.

<sup>2</sup> A memorandum by Sir J. Pratt of October 10 consisted mainly of a full summary of the Report and is not printed here in its entirety. It was described by Sir J. Simon, in a minute of October 11, as 'an admirable review which has helped very much to clear my mind'. In the first paragraph of his memorandum Sir J. Pratt remarked: 'The facts are stated fairly and objectively and for the most part are allowed to speak for themselves, but wherever it is necessary to do so the Commission do not hesitate to pronounce judgment in moderate but quite unambiguous terms. These expressions of opinion, if considered by themselves and not in relation to the historical background sketched in the first half of the Report, could easily be taken as a severe condemnation of Japan, but the general effect of the Report as a whole is to convey the impression that, though it may be difficult to defend the methods employed by Japan for remedying her grievances and escaping from her difficulties, if one looks to the substance below the surface, the balance of right inclines to her side.'

<sup>3</sup> Sir J. Pratt wrote: 'The indictment of Chinese conditions to be found in the Report is not too severe and might have been made severer. There would for example be some sympathy for China's claim that the 1915 treaties lack fundamental validity were it not for the

There are indications that the Japanese, who are not anxious to leave the League, will accept a certain measure of reproof for their methods provided that their future is safeguarded. The Chinese also take, according to first reports (see Mr. Ingram's telegram No. 355 from Nanking),<sup>4</sup> a reasonable view of the Report, although I fear they have probably overlooked, in their usual manner, all that it contains to their discredit. Chiang Kai-shek, however, is consistently reported to realise that a bellicose line is useless and he counts for more than Wang Ching-wei, the Prime Minister, who is at present sulking 'on leave.' The Chinese, we have good evidence to show, are not disposed to take too intransigent a line at Geneva, and realise that they must come to terms with Japan. I hear, incidentally, that the British and Chinese Corporation, the British concern interested in the finance of the British-built railways in China, detect a new and more reasonable spirit in their dealings with the Chinese. In short, it seems that the Chinese have learnt a lesson.

There is thus considerable ground for hope that Japan will not be altogether unreasonable vis-à-vis the League and that China will be fairly reasonable, both with the League and with Japan. In some manner there will have ultimately to be negotiations between China and Japan. The Lytton Commission suggests, without insisting on it, a precise programme for such negotiations. This was part of their duty, and they would probably agree that as those who know the ways of Chinese diplomacy will, like Sir J. Pratt, instinctively assume the actual course of events will turn out differently. Discussion between China and Japan, with or without outside assistance, is clearly the main objective, and on the Chinese side at least it should not be difficult to bring about. Japan may be more difficult to manage. The recognition of Manchukuo can hardly be openly retracted, and the Japanese Minister for Foreign Affairs recently declared that no solution would be tolerable which perpetuated any form of Chinese authority in Manchuria. This will make it difficult for Japan to agree to the retention of a nominal Chinese suzerainty, which is likely to be a Chinese essential in form, however little reality they may in the last resort require underneath it. Manchukuo also have committed themselves to independent sovereignty, but they may weaken if all the Powers refuse to recognise them as an independent state, and it may be found that the most promising line will be to get the Manchukuo to accept Chinese suzerainty, in which the Japanese might then acquiesce. This, however, must be left to the Geneva

facts that any instrument imposing an irksome obligation equally in her eyes lacks fundamental validity and that China's recognised technique in negotiation is to threaten unilateral abrogation of a binding agreement. The Report might also have pointed out that during the very period when the railways south of the Great Wall were allowed to fall into utter ruin, an extensive system of Chinese railways was built in Manchuria; and the inference might have been drawn that xenophobia, if not the only, is certainly the most potent force in China. So on the other hand many harsh things that might have been said about Japan are left unsaid. No doubt, in each case, the Commission thought it wiser not to travel too far afield and to err on the side of moderation.'

<sup>4</sup> No. 737.



meeting to discover. On the broad suggestion for our policy contained in Paragraph 17 of Sir J. Pratt's Memorandum,<sup>5</sup> I am in agreement, subject to the following, which however need not perhaps affect our tactical attitude:—

I see little hope of anything being done in regard to the reconstruction of China, but I do not feel certain that it is necessary to a tolerably satisfactory solution of the Manchurian problem or in fact to the only sort of solution which seems to have a chance of being accepted by Japan. The effective cooperation of foreign Powers in such a task must evidently depend on Chinese willingness to accept it, and I gravely doubt their readiness to accept co-operation on the only conditions on which it can be effective, viz, a genuine control of finance by foreigners and advisers in a position to see that their advice is carried out. The grant of such financial and administrative control to foreigners is most unlikely, and without this, cooperation would be unfruitful and useless as a means to a final settlement of the Manchurian question. A settlement of this question can indeed hardly wait for the completion of Chinese internal reconstruction, which is bound, in the most favourable circumstances, to take a long time. It is true that without genuine reconstruction in China no solution of the Manchurian problem can be reached which involves any real voice in Manchurian affairs for China proper, but to me there seems no essential need for such a reconstruction as a prior

<sup>5</sup> The three concluding paragraphs of Sir J. Pratt's memorandum read:

'16. It is a fair deduction from the Report that while both parties are to blame, China's failure to set her house in order is the root cause of the present difficulties between her and Japan and that no solution is possible until she has made at any rate a genuine start with the task of national reconstruction—preferably with international co-operation—and until she is willing to meet Japan in negotiation in the manner and the spirit suggested by the Report. The initiative in short now rests with China.

'17. In these circumstances the policy to be adopted by His Majesty's Government would seem to be fairly clear. We should accept and endorse the report stating, if necessary, that its implications are in our view those set out in the preceding paragraph; the two indispensable preliminaries to a settlement being that an effective beginning should be made with the reconstruction of China and that the two parties should be persuaded to meet in friendly negotiation; we should express our desire to do everything in our power to bring these about; we should express our readiness to accept any honourable settlement that may be reached by the parties either on the lines suggested in the Report or any other lines that may emerge in the course of the negotiations; and finally, pending the negotiations of such a settlement, we should express our determination not to recognise the so-called Government of Manchukuo.

'18. It is not likely that there will be any immediate or considerable response on China's part to the suggestion that she should accept foreign help in the task of national reconstruction. Sun Yat-sen's attitude towards this question is somewhat misrepresented in the report. His idea was that foreign Powers should lend China money, on terms similar to those of the railway loans all of which are in default, to be used on such schemes as blasting a channel for steamers through the Yangtze gorges. His notion of international co-operation was that the foreign Powers should not scramble for the privilege of throwing their money into the bottomless abyss, but should agree to share and share alike. Dr. Sun's successors and followers have not really moved very far from this position. The Lytton Report will therefore not affect a settlement of the dispute. It should, however, greatly ease the strain of the present situation, for there will no longer be any excuse for treating Japan as the criminal in the dock, and there can be no question of sanctions or of driving her from the League.'

condition if Chinese control is limited to a nominal suzerainty. This seems a possible and not unsatisfactory outcome.<sup>6</sup>

C. W. ORDE

<sup>6</sup> In the course of a lengthy minute on Mr. Orde's memorandum Mr. Mounsey wrote: 'We can readily accept and endorse the Report, on our present information of the facts and general situation, and in doing so, need hardly, I think as suggested by Sir J. Pratt, lay stress on the essential preliminary of a reconstruction of China. That is a matter of much time and great labour, and, it may be observed that the report itself places this last and not first among the "conclusions of a satisfactory solution". (point 10 on page 131). We can leave it at that.

'But we should also reserve our final judgment of the report, if only for fairness' and courtesy's sake, until Japan has produced the observations, which in anticipation of an adverse opinion, she is preparing to submit to the League assembly in November.

'For the immediate future, the important consideration is that Japan's action in recognizing Manchukuo should remain an isolated act and be followed by no other Power; and, following on this, Japan should be allowed plenty of time in which to ruminate over world-opinion of her action, and the problem of its effect both on internal developments in Manchukuo and on her future relations with China and Russia. G. M. 13.10.32.'

Sir J. Simon added his initials on October 14.















